FINANCIAL TIMES
PUBLISHED IN LONDON AND FRANKFURT
No. 28,534
Thursday July 30 1981

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 28; DENMARK Kr 6.00; FRANCE Fr 4.50; GERMANY DM 2.0; ITALY L 800; NETHERLANDS Fl 2.0; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 75; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 35p; MALTA 25c

A million cheers for the royal couple

BY ROBERT COTTRELL

CHEERING CROWDS about a million strong packed London's streets yesterday to celebrate the marriage of the Prince of Wales to Lady Diana Spencer at St Paul's Cathedral.

The hour-long ceremony was the climax of five months' preparation which began with the announcement of the Royal engagement on February 24. The popularity of the Prince and his bride ensured that the wedding was one of the most spectacular events seen in Britain this century. Amid the bunting, flags and flowers which decked the route from Buckingham Palace to the cathedral, many visitors had camped since the weekend to stake out a good viewing position.

More than 3,000 police were drafted in to maintain roadside security while special branch officers mingled with the crowd.

But despite the civil disruption which has shaken Britain over the last month, the wedding crowds were in a determinedly festive and good-natured mood. After Tuesday evening's spectacular fireworks display in Hyde Park, many spectators whiled away the night and morning singing, dancing and breakfasting along the processional route.

Police thanked the public for their co-operation, and had reported only four arrests by yesterday evening.

A telephone call made to City police headquarters as the wedding began claimed that a bomb had been planted in the cathedral, but earlier searches of the building enabled the police quickly to discount the call as a hoax.

Perhaps the hardest time was had by the London ambulance service which, after treating fireworks casualties the previous evening, found itself at full stretch coping with spectators who had fainted after their long vigil.

In the cathedral 2,700 guests were more comfortably accommodated. They included the crowned heads of eight European countries, heads of state from as far afield as Tonga and Sri Lanka, Mrs Nancy Reagan, wife of the U.S. President, and most leading British politicians.

As the 11 o'clock start to the service approached, the carriage procession from Buckingham Palace led by the Queen and the Duke of Edinburgh left on a precisely-timed schedule. The Queen's coach, at 10.22 am, was followed eight minutes later by that of Prince Charles, accompanied by Prince Andrew. Prince Andrew and Prince Edward were the bridegroom's "supporters," chosen in preference to a solitary "best man."

Five minutes later, to the loudest cheers of the morning, came the glass coach containing a veiled Lady Diana Spencer, with her father, the eighth Earl Spencer.

Prince Charles wore full dress naval comander's uniform.

But it was his bride's attire which had been the prime subject of fashion world speculation. The wedding dress's appearance out of closely guarded secrecy proved a brilliant success. Made of ivory silk taffeta and lace embroidered with sequins and pearls, it swept in its wake a 25-foot train whose progress was carefully monitored by bridesmaid Lady Sarah Armstrong-Jones, daughter of Lord Snowdon and Princess Margaret.

The bride's procession entered the cathedral to a magnificent rendering of Jeremiah Clarke's Trumpet Voluntary by the State Trumpeters of the Household Cavalry and the Fanfare Trumpeters of the Kneller Hall Royal Military School of Music.

But as the Dean of St Paul's, the Very Reverend Alan Brunskill Webster, opened the service, a slightly less welcome aural counterpoint was provided by the ranks of photographers perched on impromptu bridges on either side of the altar.

"Dearly beloved—whirr—we are gathered here together—clickety-click—in the sight of God," intoned the Dean, and he remained bravely oblivious to a couple of impressively resounding thuds which echoed across the dome as apparently sizeable pieces of photographic equipment parted company with their owners' hands and fell gracelessly to the floor.

There was, however, a felicitous silence as the Dean made his routine inquiry into whether any man could shew just cause why the Royal couple might not be lawfully joined together. Those present having decided hereafter for ever to hold their peace, the ceremony moved towards its climax.

While the eyes of the thousands in the cathedral and the 650m television viewers were fixed on the couple as they exchanged vows, there could have been few ears which did not also prick up at the words spoken. The wealth of names with which her spouse had been endowed proved momentarily confusing to Lady Diana, and it was "Philip Charles Arthur George" she took as her wedded husband to have and to hold from that day forward. The glances exchanged by the couple during the vows made it clear, however, that no confusion of identity had occurred.

Nor was Prince Charles entirely word-perfect, for he generously promised on his part to share with his bride "all my goods," rather than just the worldly goods which the printed text might have led her to expect.

And as the wedding ring, fashioned from the same gold nugget which had served Queen Elizabeth II, Queen Elizabeth the Queen Mother, Princess Margaret and Princess Anne, slipped into place the cheers of

Continued on Back Page

Thatcher in talks with Mitterrand, Back Page

Hugh Routledge

Wedding traditions: "Decorations" on the honeymoon carriage and a kiss for the bride

Ashley Ashwood

The bride's 25ft train flows down the steps as the couple leave St. Paul's

NEWS SUMMARY

GENERAL

Police will probe death in Toxteth

A Northumbria assistant chief constable will investigate the death yesterday of a man hit by a police vehicle in the Toxteth area of Liverpool.

David Moore, 22, died after receiving serious leg injuries the night before. The accident prompted fierce rioting in Toxteth in which hundreds of youths fought police and petrol bombs were thrown.

Merseyside chief constable Kenneth Oxford said the tactic of dispersing rioters by driving toward them was effective and preferable to using CS gas.

Lebanon air fight

Israeli jets shot down a Syrian MiG jet in a dogfight over Lebanon. Syria claimed to have brought down an Israeli aircraft. Page 3.

Quake kills 800

The death toll in the earthquake in south-east Iran reached 800 and could go up to 5,000, officials said. At least 440 were hurt.

Strikes may end

Civil Service union leaders are expected today to accept the Government's pay offer to 530,000 white-collar staff and end 21 weeks of strikes. Page 6

Talks in Maze

Hunger strikers in Belfast's Maze Prison were last night holding discussions with three leading members of the Republican movement.

Double penalty

A man found guilty of raping and killing two girls in the United Arab Emirates received the first of two floggings. He will later be beheaded.

S. Africa protest

Police used batons to turn back 2,000 people marching on the home of South Africa's consul in New Zealand, while the Springbok's rugby team won a quiet match against a provincial side.

Briefly . . .

Saudi Arabia gave Somalia \$5m (£2.7m) for flood relief work.

Two armed men in New York hijacked a van carrying 600 Picasso reproductions worth £250,000.

BUSINESS

Recession recovery may be slow

- **UK RECESSION** recovery is likely to be slow and unemployment will probably continue to rise, according to a survey of leading economic forecasters. Back Page; Slight upturn next year predicted, Page 6
- **WALL STREET** was up 1.14 to 940.54 near the close. Page 23
- **SINGAPORE** stock market showed its first signs of recovery after a three-week plunge. The stock index picked up 29.90 to 786.63. Page 23
- **BANK OF FRANCE** cut its Treasury Bill discount rate from 19¼ per cent to 18½ per cent. Page 2
- **FRENCH TREASURY** asked the country's private and public sector borrowers to restrict their bond issuing activity on the Swiss market. Page 24.
- **JAPANESE** investors spent a record \$1.33bn (£715m) on overseas securities last month, contributing to a June deficit on long-term capital account of \$1.8bn. Page 3
- **BRAZIL** raised the minimum export price for green coffee beans from \$1.07 to \$1.20 a pound. Back Page
- **TREASURY MINISTERS** are determined to ensure that the measures to alleviate unemployment do not raise public spending above planned levels. Page 6
- **TREASURY** will come under increased pressure next month to compromise on the way it restricts the financing of state industries so that investment projects costing almost £500m can go ahead. Back Page
- **JAPANESE** vehicle exports fell last month for the first time in two years on an annual basis. Shipments were 512,839 against 514,904 in June 1980. Page 4
- **PLANNING OFFICERS** of the Greater London Council fear that a widespread ban on new office development in central London could send rents spiralling and fuel a fresh property boom. Back Page
- **ESSO CHEMICAL** is set to lift the threat to abandon its £360m petrochemicals project at Mossmorran, Fife. Page 5
- **NORTH SEA DIVING** company Comex Houlder agreed to union recognition. Page 6
- **AMAX**, U.S. mining group, reported net income down from \$104.21m to \$95.09m (£51m) for the second quarter of 1981. Page 16

Bani-Sadr is given asylum in France

BY DAVID WHITE IN PARIS

IRAN'S deposed ex-President Abolhassan Bani-Sadr has escaped to France with Mr Massoud Rajavi, leader of the main underground opposition movement.

On arrival in France Mr Bani-Sadr pledged himself to maintain his resistance to the fundamentalist Islamic regime in Tehran.

He was granted asylum by the French Government after signing an undertaking that he would not engage in political activity.

Mr Bani-Sadr spent six weeks in hiding after his impeachment by the Iranian Parliament and dismissal on June 22.

Tired, and bereft of his familiar moustache, the 48-year-old French-educated economist landed at Evreux military air base in Normandy in a Boeing 707 military transport hijacked on an internal flight in Iran. He was accompanied by Col. Behzad Moessi, who flew the late Shah of Iran to Egypt in January 1979.

On his arrival at his daughter's flat at Cachan in southern Paris, Mr Bani-Sadr was full of fighting talk. "I am in France to encourage the resistance of my people," he declared.

"Recent events and popular resistance show today that the people of Iran are determined to continue along the path of the revolution."

He claimed that "only 15 per cent, maximum, of the people participated in the elections" in which his successor, Mr Mohammed Ali Rajai, was chosen as Head of State.

However, Mr Bani-Sadr's absence from Iran could be a serious setback to the Mojabeddin-e-Khalq, which has emerged as the major opposition to the ruling Islamic Revolutionary Party and the junta of religious figures headed by Ayatollah Khomeini. Mr Bani-Sadr recently pledged his support to the group and named Mr Rajavi as his Prime Minister.

A demand by the Iranian Government for Mr Bani-Sadr's extradition was dismissed by M Claude Cheysson, the Foreign Minister.

The question of whether his statements to reporters were compatible with his commitment not to engage in political activity was immediately raised and a senior Foreign Ministry official was sent to remind Mr Bani-Sadr of his promise.

The sparring was reminiscent of what hapened after Ayatollah Khomeini's arrival in Paris in October 1978, when the Government's warnings had only a temporary effect.

M Cheysson said after a meeting with M Pierre Mauroy, the Prime Minister, that Mr Bani-Sadr was at liberty in France so long as he had made no political declarations.

He could stay where he liked but, M Cheysson added: "Obviously, he will inform us, for I am afraid he needs some protection."

Police in bullet-proof vests guarded his daughter's apartment. Since Ayatollah Khomeini's takeover, a nephew of the Shah has been assassinated and there has been an attempt on the life of Mr Shapur Bakhtiar, the Shah's last Prime Minister.

Bani-Sadr flight weakens rebels, Page 3

£ in New York

	July 27	Previous
Spot	\$1,8580-8600	\$1,8750-8800
1 month	0.85-0.92 pm	0.95-1.02 pm
3 months	1.90-2.00 pm	2.00-2.10 pm
12 months	5.00-5.20 pm	5.05-5.25 pm

Americans flock to Britain

By Arthur Sandles

AMERICAN TOURISTS are flocking back to Britain. Government figures, likely to be published within a few days, will show a remarkable early summer rise of nearly one-fifth in the number of U.S. and Canadian tourists visiting the UK.

The sudden strengthening of the dollar, the opening of new air services, the airline price war and, of course, the royal wedding have all contributed to the surge.

As sterling has fallen in value, London has shed some of its expensive image. "It is clear that London is cheaper to visit than Paris or New York these days," Mr Len Licorice, director general of the British Tourist Authority (BTA), said yesterday.

BTA is completing a survey of tourist accommodation costs worldwide. It will probably echo the findings of the Financial Times survey of business travel costs—that Britain is getting cheaper for visitors.

The surge in American business, bringing a sudden recovery in the fortunes of first-class and luxury hotels particularly in London, is likely to be strengthened by U.S. television coverage of the royal wedding.

"No-one could possibly buy the sort of publicity we have been getting in recent weeks," says BTA. "We will really see the benefits next year."

Partly to maximise this publicity, Sir Henry Marking, BTA chairman, flew to the U.S. to be there while the American networks were devoting so much attention to the marriage and Britain's historic traditions.

Another review of hotel accommodation by the London Tourist Board says that at the lower end of the market, the price of basic bed-and-breakafst

Continued on Back Page

More evidence of U.S. slowdown

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE EXTENT of the summer slowdown in the U.S. economy was underlined again yesterday by a further significant decline in the country's leading economic indicators, the second in two months.

The Commerce Department said that its composite index, the Government's measure of likely economic performance in the weeks ahead, fell by 1.3 per cent in June, following a 1.5 per cent drop in May. The May decline has been revised from an original estimate of 1.8 per cent.

The department called the June decline "sizeable." Traditional wisdom, however, holds that the indicators must point in the same direction for three consecutive months before a convincing trend can be established. Even that is not infallible.

The index rose 0.9 points in both March and April, after falling in January and February. Last month's fall was heavily influenced by the housing slump, the department said.

Mr Murray Weidenbaum, chairman of President Reagan's council of economic advisers, repeated in evidence on Capitol Hill his view that the slowdown would be temporary.

The Administration had made "significant advances in laying the foundations for a strengthened U.S. economy for the rest of the 1980s," he told the Senate committee on banking, housing and urban affairs.

Mr Weidenbaum said the

Continued on Back Page
Money markets, Page 26

CONTENTS

For latest Share Index phone 01-346 8026

EUROPEAN NEWS

Norway's billion dollar oil platform prepares to put to sea

BY RAY DAFTER, ENERGY EDITOR

THERE WILL be some tightly crossed fingers in the London insurance market this weekend as an odd armada of vessels inches its way out of a Norwegian fjord. Eight tugs will have in tow a huge concrete oil production platform—destined for the Anglo-Norwegian Statfjord field—which over the past two years has risen like a grotesque mushroom out of the tranquil inlet.

The platform has been insured for almost £700m at current exchange rates. Statoil, the Norwegian state oil corporation, claims it is the largest single insurance coverage of any object in the world, and most of the insurance is carried on the London market.

The structure—a drilling site, processing complex and a hotel standing on concrete legs—attracts superlatives like the Statfjord project itself. When equipped with a loading system it will be worth almost £1bn. It has taken 300 companies and some 40,000 people to construct the 816,000-tonne platform, the heaviest in the North Sea. Most of the work is now finished which makes it the most complete production platform ever towed to its offshore location. The 282 mile tow will be one of the longest and most difficult ever undertaken.

From Vats, near Stavanger, the armada will follow a northerly deep water route following the line of the Norwegian Trench, a gulley 1,000 ft deep in the bed of the North Sea. The tow is expected to take six days at a speed of about 1.5 knots, although good weather might make 2 knots possible.

The operation will not be started unless the weather outlook is reasonably good. If the platform should encounter a sudden summer storm it will be lowered further into the water for greater stability.

"We are so high up here that the slightest incline makes you feel that you are going over," commented Mr Ronald Seim, chief of marine operations with Norwegian Contractors, the main platform builders. "We leave that sort of excitement to the amusement park."

Once on site at Statfjord, just half a mile on the Norwegian side of the boundary line with the British sector, the platform will be lowered slowly into position. The "touchdown" has to be accomplished within the accuracy of five feet on the sea-bed which has already been cleared of boulders.

Production drilling from the platform, christened Statfjord Beta, is expected to begin in March and oil should be flowing by the end of next year. The Statfjord Alpha platform is already producing oil at a rate of 234,000 barrels a day. Almost 16 per cent of this output is earmarked for the British partners in the venture: the British National Oil Corporation, Conoco and Gulf. The remaining 84 per cent of the Statfjord reserves, estimated to be 4bn barrels of oil and 2,900bn cubic feet of gas, belongs to a Statoil-Mobil consortium.

In Britain, oil operators have tended to favour lighter steel structures as production units. But the Statfjord partners are perservering with concrete platforms, partly because of their carrying capacity and partly because they are sometimes required to store much of the oil produced, as in Statfjord's case. Hence, a third Statfjord platform is taking shape in a Norwegian Contractors' dry dock at Stavanger.

It seems almost certain, too, that Statoil will commission the construction of a £900m concrete platform for the development of the West Delta oil and gas structure in the so-called Golden Block of 34/10 on the Norwegian side of the North Sea. That platform may be towed out in 1986.

W. German loan programme hits snags

By Kevin Done in Frankfurt

WEST GERMANY has run into financing problems for its DM 6.3bn (£1.4bn) subsidised loan programme for small and medium-sized companies, and has been forced to raise related interest rates.

The cheap loan package was announced in April as part of a parallel Franco-German programme aimed at encouraging investment by smaller and medium-sized companies, particularly in energy-saving technology, and also at creating jobs.

For the West German programme, Bonn set aside some DM 700m-DM 800m from the Federal Budget to pay the loan subsidies. The rise in capital market rates to a historic peak at the end of May and continuing high rates since then have meant that the Government would have had to increase its subsidies to hold the cheap credits at their original interest levels.

The tightening squeeze on the Federal Budget has ruled out higher subsidies, however, and the Government is in any case committed to trying to cut about DM 20bn from its public expenditure plans for 1982.

The result is that, with effect from yesterday's industry is having to pay 0.5 per cent more for new credits granted under the programme. Companies who got in early when the scheme was launched last month, and who have already ben granted cheap loans, will not be affected.

The effective fixed interest rate for four-year loans has been raised from 10.18 per cent to 10.72 per cent and finance over eight years is available at 10.86 per cent compared with the original rate of 10.32 per cent.

For the four-year loans, the subsidy means that finance is available at about 2.4 per cent below market rates. Companies seeking eight-year fixed rate funding have little option but to apply under this programme, as the banks have virtually ceased making such loans.

The Kreditanstalt für Weideraufbau (Reconstruction Credit Institute), which is administering the cheap loan programme, said yesterday that there had been a lively response from industry in the first weeks of the scheme, which is due to run to the middle of 1982.

Borrowing costs down in France

By Terry Dodsworth in Paris

THE BANK of France renewed its pressure towards lower interest rates yesterday in a series of moves designed to reduce the cost of borrowing on the Paris money markets.

The action came at three different levels:

- A cut in the seven-day Treasury Bill discount rate from 19¼ to 18¾ per cent
- A reduction in the overnight money market rates from 18¼ to 18 per cent
- A trimming of the rate for buying first quality paper from 17¾ to 17½ per cent.

While this falls in line with the steady decline in rates this month, it still leaves them well above the prevailing level in advance of the second round of the presidential election on May 10. At the time the key seven-day Treasury Bill rate, regarded as the main market indicator in France, stood at 13¼ per cent. Following the election of President Francois Mitterrand, it was forced up to 22 per cent, but has gradually been reduced throughout July.

The overnight rate has also come down from a high of 20 per cent, while the Government has given a fresh sign of its willingness to increase liquidity by re-activating its paper buying activities. Its intervention yesterday, at 17.5 per cent, was for paper falling due between August 1 and August 5.

EEC fishing states asked to limit herring catches

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN Commission yesterday asked all EEC fishing states to limit their herring catches voluntarily until the question of quotas can be taken up again after the summer holidays.

It represents a final attempt by the Commission to prevent the expected free-for-all in herring fishing off the north-west coast of Scotland, following the breakdown of talks earlier this week on limiting catches.

In telexed messages to the member-countries, the Commission asked them to limit catches to two-thirds of the proposed 55,000-tonne total quota for this year until the next Council of Fisheries Ministers meets on September 29. It also asked them to report the details of actual catches twice-weekly to speed up the Commission's monitoring of fish stocks.

The danger of a rapid depletion of limited herring stocks was heightened on Monday night by the failure of the Council to agree ways of conserving stocks or sharing out the available catch.

In another decision affecting the British fishing industy, the Commission yesterday authorised the UK to halt from Monday imports of frozen cod fillets sold in British ports for less than the EEC minimum import price.

The move, which also applies to Ireland, follows year-long complaints from Britain that cheap imported cod is seriously disrupting domestic markets.

The Commission said that its decision was made urgent by the Fisheries Council's continued failure to make progress towards establishing a common fisheries policy.

This failure has led Britain, fearing even greater imports of cheap fish, to block ratification of the EEC-Canada fishing arrangements. This effectively has barred the West German deep-water fleet from its traditional cod fishing off Newfoundland.

Commission figures show that Britain imported about 19,000 tonnes of frozen cod fillets from outside the EEC in the first six months of this year. Almost 14,000 tonnes were imported at prices between 5 and 45 per cent below the minimum import price.

Balsemao wins support

By Diana Smith in Lisbon

SR FRANSICO BALSEMAO, the Portuguese Prime Minister, appears to have earned a brief respite from the storms around him through the efforts of Social Democrat Cabinet Ministers.

They have voiced their support for the Premier on the eve of a crucial meeting of the Social Democrat political committee which Sr Balsemao chairs. Their views were backed by Sr Antonio Capucho, the party's secretary-general, who declared that there was no alternative to Sr Balsemao.

However, Sr Balsemao is still facing a strong challenge from within his party as well as from the Christian Democrats, the other main grouping in the governing coalition.

They are promoting figures within the Social Democrat Party like Sr Anibal Cavaco Silva, the former Finance Minister, or Sr Eurico de Melo, the former Interior Minister, as possible leaders of a reshuffled Cabinet.

There is also a move to have Sr Balsemao relegated to a figurehead position and to put the Government under the effective command of a triumvirate of deputy prime ministers. Such a government would reflect more closely the pugnacious administration of Sr Francisco Sa Carneiro, the late Prime Minister.

Tension within the coalition has been increased following the resignation on Monday of Sr Carlos Macedo, the Social Democrat Minister for Social Affairs. This was interpreted as a bid to force sweeping Cabinet changes.

Dutch coalition attempt fails

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Christian Democrat Party yesterday rejected a compromise government programme, dealing a severe blow to efforts to form a left-of-centre administration. The programme had earlier been approved by the Labour and Democrats 66 parties, the two other potential coalition partners.

Mr Dries van Agt, leader of the Christian Democrats, called for further talks with the proposed partners. It was not clear yesterday whether they would agree to this or whether the mediators who put the draft programme together would agree to continue their efforts.

The Christian Democrats announced that the programme was unacceptable after a nine-hour meeting which ended early yesterday. The party last week rejected the first draft programme presented by the mediators and said yesterday that the revised version did not go far enough.

None of the three parties is keen to force a breakdown in the negotiations as they are widely seen as the best hope for providing a broadly-based government.

The parties together have 109 of the 150 seats in the Lower House, comprising 48 Christian Democrats, 44 Labour MPs and 17 from Democrats 66. If the talks do break down, another attempt could be made with the same three parties, but a different combination might also be tried.

If the Christian Democrats and the right-of-centre Liberals—with 26 seats—can persuade the smaller Right-wing parties

Dries van Agt . . . call for further talks

—with a total of 51 seats—to support them, they could continue their coalition with 80 seats in parliament.

The main area of disagreement concerns defence policy, in particular a Nato plan to station 48 Cruise missiles in the Netherlands as part of the modernisation of the alliance's "theatre" nuclear weapons.

Nato wants to deploy 572 Cruise and Pershing-2 missiles in Western Europe to meet the threat from SS-20 rockets based in the Soviet Union.

The draft programme presented by the mediators' calls for the Netherlands to delay indefinitely a decision on developing the new missile. If Nato insists on a decision by the December deadline previously agreed, then the Dutch would have to say no.

Record inflation rate in Belgium

BY OUR BRUSSELS STAFF

BELGIUM'S year-on-year inflation rate reached a post-war record of 7.8 per cent in July following a 1.6 per cent increase in the consumer price index. The increase represents a further blow to Belgium's shaky coalition government led by Mr Mark Eyskens which has been seeking means to reduce the country's growing budget deficit.

Mr Eyskens has said he will reopen the whole issue of the country's traditional system of automatic wage increases linked to the rate of inflation. It was only the reluctant agreement of his Social Democrat Party to leave the indexation system intact that prevented the coalition's Socialist partners from bringing down the Government earlier this year.

The Prime Minister believes that the Government's recent efforts to increase industry's competitiveness—including unpopular rises in indirect taxation to finance special aids to business—will be in vain if wage costs are not controlled. This view recently received support from the European Commission.

But the Socialists have told him that their position in government will become untenable if they are forced to make further concessions that impose any significant burdens on their main constituents—the country's trade union members.

Meanwhile, the indexation question apart, the coalition partners remain at loggerheads in their drawn-out discussions on how to reduce the projected 1982 budget deficit to Mr Eykens's proposed limit of BFr 200bn (about £2.7bn).

This will involve a reduction of between BFr 110bn and BFr 130bn on current estimates, either by increasing revenue or by further unpopular cuts in state spending.

Bill soars for social security

By Our Paris Staff

FRANCE'S NEW Government is running into an awkward problem over the financing of the country's social security system after pushing up a whole range of payments in line with its election pledges.

According to the latest official estimates, the system will build up a deficit this year of around FFr 7bn (£650m). This compares with a surplus last year of FFr 10.7bn, achieved after the previous Government resorted to exceptional financing measures.

These renewed problems for the social security finances underline the chronic difficulties the system has run into in recent years as France has widened the range of its expenditure on health, family allowances and pensions.

In 1978 and 1979, after building up a deficit of FFr 24bn under these three headings, the last Government was forced to intervene and introduce a general 1 per cent increase in personal contributions. This was dropped in February, just before the presidential election, but only after the accounts had been restored to stability.

The previous Government also made a big effort to tackle the exceptionally rapid rise in the costs of the health service. Hospital expenditure in particular was reined in, and efforts made to reduce the wastage on drugs.

One of the reasons for the re-emergence of the social security deficit this year is an increase in health spending, although the problem has switched from hospital expenditure to the cost of local health services.

At the same time, family allowances and other family payments have gone up more than expected this year, while receipts have stagnated because the slight drop in employment has reduced payments from both employers and workers.

In the second half of this year, the system will also have to bear the cost of the Government's measures to improve pensions, and family and housing allowances from the beginning of this month. These improvements, ranging from a 20 per cent increase in pensions to a 25 per cent rise in family allowances, may cost the social security finances up to FFr 5bn during the rest of 1981.

Although Mme Nicole Questiaux, the Minister of National Solidarity, has said these difficulties should not be "dramatised," the Government clearly faces a financing question that will have to be tackled soon.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

Roger Boyes, recently in Poland, looks at one consequence of a new scepticism towards foreign investment

Poles resent British workers' reluctance to share hard times

POLAND'S economic crisis has sparked off serious tensions between British and Polish workers at a massive $1bn petrochemical plant in Wloclawek, a tough industrial township in central Poland.

A recent issue of the local newspaper brought the matter to a head with an article accusing British workers in the plant of living on the backs of the Polish population and causing delays in the project, which is aimed at producing chlorine, chlorinated ethylene and PVC.

Although the first contracts were signed six years ago, only the chlorine section has so far come on stream.

While the British management of the plant describes the newspaper report and other Polish complaints as exaggerated, Mr Stanislaw Adamski, the Polish deputy managing director of the complex, concedes that the "atmosphere has become unhealthy."

Certainly, private British comments lend support to this view: one manager voiced the suspicion that his office was being bugged.

The mutual distrust derives from two principal sources and underlines the current problem facing foreign investors in Polish industry. In the first place, the British workers—some 2,000 originally, now about 100—were promised that their British living standards would be maintained while they were in Poland.

But this has proved to be increasingly unrealistic as the Polish economic situation has deteriorated. Workers complain of not being able to obtain bread for several months and of problems in getting hold of a wide range of other foodstuffs and goods ranging from petrol

> The British have sought to overcome shortages by shipping food from the West in their private cars, by buying in bulk from mail-order companies in Denmark and by reaching arrangements with the local butcher, whereby meat ration cards are deposited with him, eliminating the need to queue

to vegetables and from shampoo to paper.

The British have sought to overcome this by shipping food from the West in their private cars, by buying food in bulk from mail-order companies in Denmark, and by reaching arrangements with the local butcher, whereby meat ration cards — about 7 lbs of meat a month is the current entitlement—are deposited with him, eliminating the need to queue.

These privileges have been sharply criticised by Poles, who maintain that the British are effectively taking meat away from the hungry locals.

Meat supplies are delivered by the butcher to the British workers as a priority. The Poles at the end of the queue suffer accordingly and sometimes have to go without even the basic minimum stipulated in their ration cards.

The Polish Press feels less inhibited about criticising the British, because of the new scepticism in Warsaw towards the large foreign investments made during the 1970s under the rule of Mr Edward Gierek, the disgraced former party chief.

This new line blames the massive investments of the past decade for Poland's heavy debts with the West. It has led to some projects, such as the Huta Katowice steel plant, being abandoned.

The Wloclawek plant is, however, being allowed to continue. It is hoped that by 1983 it will be a major earner of foreign currency for Poland, producing 200,000 tonnes of PVC a year, about 50 per cent of which will go for export.

But the plant should technically be on stream by now, and this, too, has caused friction between the British and the Poles. The British admit that the delay is partly due to late deliveries from England. But they say the principal reason is the chronic shortage of skilled Polish workers.

Poles stress the British delivery problem and add complaints about cost escalation—from an estimated £130m in 1975 to £300m now—and British work attitudes during the early years of the project.

"It was the British workers who first taught us how to strike — that came in very useful during August 1980," said Mr Adamski, referring to last year's strike wave.

Solidarity, the independent trade union, is now active in the plant, but has mainly been instrumental in securing better safety and pay conditions for the Polish workers.

The plant has three components: a chlorine factory which is now in operation and also produces oxygen and nitrogen; a chlorinated ethylene plant, which is only 70 per cent complete; and a PVC section, which is 90 per cent finished. The Poles have invested an additional £200m in an oil-fired power station, which operates on the site of the plant.

Contract manager for the complex is Petrocarbon of Manchester, which has long experience of Polish business, while Davy has been handling the engineering and installation work. The initial civil construction was handled by Laing, though Polish workers began to take over this responsibility three years ago. Most of the technology was based on American, Swiss or Japanese licences. The Poles emphasise that they have no complaint about, for example, the Japanese deliveries for the PVC plant, which have all been made on schedule.

It seems clear that the invasion of 2,000 British workers in 1976 produced a cultured shock which even now has not been fully absorbed by the town of Wloclawek. There were brushes with the Polish militia and several cases of workers being swiftly flown home.

A notice board in the British site management office tells some of the story. There are notices stressing the need to boil water for at least five minutes before drinking, and offering advice about which petrol stations generally have the shortest queues. Next to them, there is a breakdown of Polish laws as they apply to British workers, outlining the penalties for maiming Polish citizens and for drunken driving.

The memory of Anglo-Polish problems in the early years, when hard winters were slowing down building work and adding to the frustration of the British workers, has clearly fuelled present criticisms. Much of the ill-feeling about this was repressed in the mid-1970s, when import-led growth and rapid industrialisation were seen as Poland's economic escape-route.

Now that the Gierek policy has been discredited, some of these pent-up Polish antagonisms have been released. This is at a time, unfortunately, when there is only a handful of British workers still on site—and they are mainly mild-mannered quality controllers.

The British have tried to polish their tarnished image by handing over a former social club—dubbed the Red Lion—to the Poles, who may now use it to house the regional Solidarity headquarters. The British also gave a minibus and a pick-up truck to the local nuns.

But the scars are taking a long time to heal. Poles waiting sometimes hopelessly for petrol or meat in Wloclawek are ready enough to find a scapegoat in the British.

It is a complex situation, without parallel for foreign investors, even those active in developing countries. Given the combintaion of political and social upheaval, a creaking central planning mechanism and shortages of food, materials and labour, it is perhaps surprising that the project is only two years or so behind schedule.

"We hope that the whole project will be complete by next year, and in operation the year after," says Mr Adamski. He adds in a despairing undertone: "But we've had that hope before."

Strikes hit at Solidarity bid to cool tempers

MORE THAN 2,000 workers in Warsaw's largest textile factory staged a three-hour wildcat strike in protest against food shortages yesterday as demonstrations continued in Lodz and other Polish cities, writes Christopher Bobzinski in Warsaw. The strike represented a new challenge to the authority of the Solidarity trade union leadership, which is trying to keep the temperature down in the face of rising public exasperation at shortages of food and other basic commodities.

In some areas, the danger of wildcat strikes is forcing Solidarity to organise protests intended to force the Government to rescind the recent decision to cut meat rations by 20 per cent and to demand a general improvement in supplies. The union's leaders, however, are well aware that little can be done because of a 30 per cent drop in meat supplies by farmers.

Yesterday, for the third consecutive day, thousands watched lorries drive in protest through the centre of Lodz. Today, up to 10,000 women are expected to demonstrate outside the town hall.

Because of the danger of industrial unrest, centres like Lodz used to be favoured when it came to the distribution of meat. Now, with equal shares all round, the city has lost about half the supplies it was previously allocated. Smaller towns, and the countryside, on the other hand, are better off.

In Piotrkow Trybunalski, south of Lodz, Solidarity is organising mass meetings in local factories tomorrow and has called an all-out strike in the region for August 13.

Meanwhile, hardline Communist party groups, including the Katowice forum, have been meeting in Poznan to review the recent party congress.

Publication yesterday of the party programme approved by the congress reveals that both reformists and hardliners worked hard to leave their imprint on the document.

The admission that it was not only the leadership in the 1970s, but also the mechanisms of power in the party, which were to blame for the country's crisis marks a point for the reformers. So does the promise that a special committee will report within a year on responsibility for the events of 1956 and 1970 when workers were killed during demonstrations.

The hardliners' watchful eye on the drafting is revealed in a statement that "narrowing the function of the party to the ideological and moral sphere and depriving it of the concrete instruments of power is against the fundamental principles of socialist construction."

East Germany's ability to meet growth targets doubted

BY LESLIE COLITT IN BERLIN

DOUBT HAS been cast by the German Institute of Economic Research, in West Berlin, on East Germany's ability to achieve the ambitious economic growth targets set out in its new five-year-plan. The plan, announced four months ago, calls for an average 5.2 per cent rate of growth and a sharp rise in exports, with the aim of reversing the steady growth in indebtedness both to the Soviet Union and the West.

In a detailed analysis of the plan targets, the Institute's Comecon section says East Germany, which has already granted Poland 550m Marks in aid, may be required by Moscow to make further emergency contributions to Warsaw.

The country's ambitious export goals might also falter because of political reasons, says the Institute. The DM 850m annual interest free "swing" credit from Bonn which East Germany uses to buy extra West German products not covered by its own exports to West Germany, elapses at the end of this year. In the light of Bonn's radical budget cutting mood, the credit is unlikely to be renewed, the Institute believes.

The credit would then automatically sink to DM 200m, unless East Germany is prepared to reduce the amount of D-Marks which Western visitors must exchange before entering the country. These border rates were tripled last November when East Germany sought to limit the number of West Germans visiting the country. The East German leadership felt itself beleaguered by the political upheavels in Poland and the swarms of Westerners visiting relatives and friends in East Germany.

Western estimates put East Germany's total hard currency debt by the end of 1980 at $10bn. Of this East Germany's indebtedness to West Germany was DM 3.9m ($1.6bn). At the same time, East Berlin has a cumulative debt to the Soviet Union since 1976 of 9bn Marks in the form of deficits in its balance of trade with Moscow.

The Institute argues that, in order to achieve strong export growth to the Soviet Union and even higher increases in exports to the West, East Germany will have to expand greatly capital investments, productivity and industrial modernisation. It doubts this can be achieved under the command economy East Germany has operated for decades.

Israeli jets shoot down Syrian MiG over Lebanon

BY OUR TEL AVIV CORRESPONDENT

ISRAELI JETS shot down a Syrian MiG-25 aircraft over Lebanon yesterday, placing new strain on the six-day-old ceasefire in the war of attrition between Israel and the Palestinian guerrillas. Beirut Radio also reported an Israeli build-up of armour in the strip of territory in southern Lebanon held on Israel's behalf by the Christian militia of Maj. Saad Haddad.

Israeli officials swiftly pledged that Israel would, for its own part, continue to abide by the ceasefire. They said the ceasefire agreement permitted Israel to continue reconnaissance flights over Lebanon, and this was what the Israeli jets were doing when the Mig-25 scrambled to intercept them.

The Palestine Liberation Organisation has insisted that overflights are outlawed under the ceasefire.

This was the second time the Israelis have brought down a MiG-25, the aircraft that rates as the pride of Syria's air force. Altogether, including yesterday's dog-fight, Israeli planes have downed 15 Syrian aircraft during the past two years. Syria admitted the loss of a jet fighter but announced that an Israeli aircraft had been shot down in the air battle.

The Syrians have so far let the incidents pass with scarcely a murmur. Earlier in the week, the Syrians threatened to shoot down any Israeli reconnaissance planes flying over Lebanon.

After yesterday's loss of the MiG-25, it remains to be seen whether the Syrians will bring more anti-aircraft missiles into Lebanon.

Syria's installation of Sam-6 anti-aircraft rockets in Lebanon's Bekaa Valley last April brought Israel and Syria to the verge of war.

Deployment of more missiles now would certainly arouse strong reactions from the Israelis, who regard reconnaissance flights over Lebanon as vital to their security.

Bani-Sadr flight weakens rebels

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SEVEN weeks after his deposition, ex-President Abolhassan Bani-Sadr of Iran has returned to exile in France. He believes himself still to be Iran's legitimate head of state and has vowed to return when the people of his country go back to "the path of democracy."

But the resistance to the clergy-dominated junta and the Islamic Revolutionary Party has been immeasurably weakened by his departure—especially as he has been accompanied into exile by Mr Massoud Rajavi, the leader of the underground Mojahedin-e-Khalq, the most active opposition movement confronting the theocracy in Iran.

Mr Bani-Sadr had surprised even his own admirers and followers by the manner in which he went underground and was able over the past two weeks to challenge Ayatollah Khomeini, Iran's revolutionary leader.

Mr Bani-Sadr
Back to exile in France

The stand taken by him in calling for the boycott of the election of his successor, Mr Mohammed Ali Rajai, who was adjudged the victor in the poll held a week ago by an improbable 12.2m out of 14m votes, gave some heart to the diffident coalition looking aghast at the assertion of power by Moslem extremists.

Mr Bani-Sadr had always looked to be a loser in his rearguard action against the IRP and Mr Rajai, who was then Premier, even before Ayatollah Khomeini withdrew his protection.

The trouble was that the Sorbonne-educated intellectual and economist lacked any power base. What gave some measure of hope was his open alliance with the Mojahedin.

With its membership of anything from 150,000-300,000, the movement has been responsible for the violent defiance of the regime since the former President was ousted from power.

Less than two weeks ago, Mr Bani-Sadr, in a letter given wide distribution around Tehran, appointed Mr Rajavi as "Prime Minister" of his resistance regime—indeed, it now transpires the two men were in hiding together in Tehran.

His message to the people said also that Mr Rajavi had undertaken to take charge of a "National Resistance Council." In exile this body will be very much less credible than it would have been orchestrating a violent confrontation with the régime in Iran.

Its opposition to the mullahs seemed both well organised and strong if judged by the half-dozen or so explosions each day in Iran, not the least the one that decimated the leadership of the IRP on June 29, as well as assassinations of supporters of the regime.

The Mojahedin had even succeeded in setting up a clandestine radio station on Iranian soil—which has now been jammed by the authorities.

The departure of Mr Bani-Sadr and Mr Rajavi, so soon after the declaration of their alliance, must be seen as an implied confession that they do not see any chance of a victory in the short-term.

Tough Zimbabwe Budget likely

BY OUR SALISBURY CORRESPONDENT

ZIMBABWEANS ARE expecting a tough Budget tomorrow, the second since independence, with a whole range of higher taxes, as the Government seeks to slow down an overheated economy, curb inflation and reduce the public spending deficit, while pressing ahead with its socialist policies.

It is a particularly difficult Budget for Senator Enos Nkala, the Minister of Finance, because Government spending is rising faster than its revenue base, meaning that a combination of tax increases and spending cuts will be needed to keep the deficit down to acceptable levels.

In the fiscal year to June 30, Zimbabwe is likely to have experienced a deficit of more than Z\$500m (£380m), despite tax increases last November and again in January this year.

In the current fiscal year, the expectation is that public spending will rise by a minimum 25 per cent to 30 per cent exceeding Z\$1.8bn.

Even on the most optimistic projections, tax revenue is unlikely to exceed Z\$1.2bn (£900m), leaving a projected Budget deficit of more than Z\$600m (£450m), equivalent to 19 per cent of Gross Domestic Product.

This is too large a deficit to be sustained, particularly when para-statal organisations are borrowing very heavily from the banks to finance last season's bumper crops.

Analysts here are predicting a tax on dividends, surtax on high individual and corporate incomes, and possibly a steeper progression in the income tax system to increase the amounts paid by middle-income groups.

An increased excise duty on petrol seems possible, given the surge in consumption and the need to conserve fuel.

Gandhi tries to placate unions

BY K. K. SHARMA IN NEW DELHI

INDIA'S Prime Minister, Mrs Indira Gandhi, has tried to placate trade union leaders angered by the ban on strikes in "essential services," by announcing that lock-outs and lay-offs will also be prohibited.

The Government, she told a rally in Delhi yesterday, was forced to resort to the "harsh" decision to improve the working of the economy. She claimed that it was only a temporary measure, and hoped there would be no need to extend it.

Taken aback by the severity of the reaction to the Government's decision, which has been called "Draconian" and "authoritarian," Mrs Gandhi is now attempting to show that the move is not intended to operate against the interests of the workers.

A series of protests are to be made by trade unions against the powers assumed by the Government through a Presidential ordnance on Monday. Eight major national trade unions have asked workers all over the country to observe August 17 as a "Black Day." This is the day Parliament's next session is to begin.

Charles Smith and Richard Hanson look at the future of Japan's armed forces

Pressure on Tokyo to boost defence effort

THIS YEAR could go down in history as the year in which defence finally replaced bilateral trade as the most crucial issue in relations between Japan and the U.S.

Defence, not trade, topped the agenda in early May when Mr Zenko Suzuki, Japan's Prime Minister, went to Washington for his first summit meeting with President Reagan. During the two months, at a series of meetings held by senior defence officials with the U.S. Secretary of State and the Japanese Foreign Minister, Japan has come under repeated pressure to increase its defence spending and to abandon what Washington apparently sees as an attitude of "passive reliance" on American nuclear protection.

The Reagan Administration's reasons for pressing Japan on the defence issue appear to include a very real anxiety about security in the North West Pacific, where the Soviet naval presence has grown rapidly stronger while the U.S. Seventh Fleet, which is based there, has had its responsibilities stretched to include patrol work in the Indian Ocean.

Priorities

The Japanese have certainly played down defence in their national order of priorities compared with almost any other major industrial nation. Japan's military forces were disbanded after the war and exist today in the rather modest form of a "Self-Defence Force" which is prohibited by the post-war "peace constitution" from setting foot outside the home islands.

The 1981 defence budget amounts to about Y2,400bn (£5,580m) but will be spent mainly on wages and maintenance. Only 20 per cent of the total is likely to be available for procuring new equipment and a mere 2 per cent will be allocated to research.

The Defence Agency—Japan's rather less than prestigious equivalent of a defence ministry—is attempting to bring the force's weaponry up to modern standards by 1985. But the amount of money allocated to arms purchases in the annual defence budget has been falling well short of targets.

In 1980, Y390bn (£886m) was spent on buying new weapons compared with a target of Y540bn (£1,227m). In 1981, partly in response to American pressure, the figure has been stepped up to Y459bn (£1,043m). Even this still falls well short of basic needs.

The whole subject of Japan's defence has been swept under the carpet over much of the last two decades. The neglect of the issue meant that in the mid-1960s, for example, defence spending was reduced to less than 1 per cent of GNP—even less than the levels of around 1.8 per cent which had prevailed in the mid-50s.

Defence became a "mentionable" subject again in 1976 when the Government of Mr Takeo Miki plucked up courage to issue a defence White Paper. But spending has continued to be held below 1 per cent of GNP "on principle" by a succession of Liberal Democratic Party (LDP) cabinets, even though nothing in Japan's post-war "peace constitution" makes this necessary.

The Japanese Government also claims that there are very serious economic objections in the way of suddenly enlarging the defence budget.

The main objection is that, for the past four years, the country has been burdened with a massive "structural" budget deficit.

In an effort to reduce the deficit, the Finance Ministry has for the past two years been imposing rigid ceilings on the budget increases that can be requested by individual government departments. The Defence Agency has been granted partial exemption from these ceilings but has still not been allowed to increase its spending at anything like the pace that Washington evidently feels is necessary.

Pared down

Last year, the Agency was allowed to submit a budget "request" that would have pushed up spending by 9.7 per cent, in nominal terms, if it had been granted in full. This was eventually pared down to a 7.6 per cent rise in "authorised" spending. This year, the Agency's request has been pegged at 7.5 per cent and it will probably receive rather less.

If Japan does decide to change tack over rearmament, it will probably insist on acting within the framework of the Government's current "Defence Programme Outline."

This five-year-old document, drawn up by the Miki Cabinet in 1976, purports to lay down general guidelines for improving the effectiveness of the Self-Defence Forces without specifically saying how much of any given type of weapon should be acquired.

The programme says that Japan should have the capacity to deny rapid victory to an enemy who invades the Japanese islands with a small or medium-sized conventional force. It assumes that anything more than this will be taken care of by the U.S. It also calls for the SDF to be able to monitor more effectively the movements of foreign military vessels or aircraft in the region immediately surrounding Japan.

The Government's present idea seems to be that the Defence Agency should be encouraged to procure enough equipment by the end of the 1987 fiscal year to make possible the achievement of these objectives.

The Agency has been ordered to draft a new "mid-term programme estimate" covering the period from 1983 to 1987, which would supersede the existing 1980-85 procurement programme.

But Japan also has a group of hawkish defence specialists whose careers stretch back to the old Imperial Army and Navy and who would like to see the defence budget raised immediately to Y6,000bn (£16,636m)—around 3 per cent of GNP. They argue that it is no longer safe or even desirable for Japan to rely on the U.S. as the ultimate source of its security.

The mainstream of Japanese opinion on defence, however, holds that it would be extremely dangerous for the country to cut loose from its U.S. defence ties. To do so would automatically mean, in the majority view, that Japan would have to turn itself into a regional Great Power—if not a global one.

Many Japanese specialists on foreign affairs and defence also believe that too high a defence posture might be provocative to the Soviet Union.

Steering a middle course in defence policy appears even more important to those politicians and bureaucrats who worry, with one eye on the country's pre-war history, about the risks of upgrading the status of uniformed soldiers in Japanese society.

Alternative

An alternative to stepping up Japan's own defence efforts which the Liberal Democratic Party seems to find slightly easier to contemplate is that of helping the American defence effort in North East Asia by infusions of cash and possibly also by technology transfers.

More recently, the Japanese government has reacted favourably to requests from the U.S. Defence Secretary for the provision of advanced laser and integrated circuit technology, most of it originally developed for non-military purposes by Japanese private sector companies.

Technology and cash could do much to help dispel the notion that Japan is a wealthy parasite where defence is concerned. But in the end something extra may be needed.

Japanese go on £715m buying spree

BY RICHARD HANSON IN TOKYO

JAPANESE investors spent a record \$1.33bn (£715m) on overseas securities last month, contributing to a June deficit on long-term capital account of \$1.8bn, and to the continuing weakness of the yen on foreign exchange markets.

Balance of payments figures issued by Japan's Finance Minister show that net buying of overseas stocks in June increased to \$339m from \$59m in May. Net purchases of foreign bonds rose to \$993m against \$526m.

The buying spree is attributed to Japanese institutional investors, particularly insurance companies, which have been attracted by high yields on U.S. dollar bonds and the expectation of gains in U.S. and some European equities.

Overall investment abroad — including \$644m in direct investment and other outflows — totalled \$2.7bn in June, more than three times greater than the inflow of foreign investment of just £871m.

In Tokyo yesterday, the yen fell to its lowest point for 15 months against the dollar, closing at Y237.80 — down from Y236.35 at Tuesday's close.

The yen fell despite a healthy \$1.315bn surplus on current account in June, the largest surplus in 2½ years. Exports rose 17.8 per cent to \$12.6bn, while imports fell for the first time in three years, by 5.3 per cent to \$10bn.

Invisibles and transfer payments produced a deficit of close to \$1.3bn, compared with a deficit of almost \$1bn in May. The current account surplus compares with a \$277m deficit in May.

Japan's five big life insurance companies last year invested 4 per cent of their available funds overseas. In the April-June quarter, this jumped to 16 per cent.

Dispute over anti-trust jurisdiction

BY DAVID BUCHAN IN WASHINGTON

THE Federal Trade Commission has contested the right of the Justice Department to review the multi-billion dollar bids by Mobil, Dupont and Seagram for the Conoco Oil Company.

A letter signed by the acting FTC chairman, Mr David Clanton, a Republican, to the Justice Department's anti-trust chief, Mr William Baxter, accuses the department of *ignoring the commission's* considerable expertise in "virtually every aspect of the domestic oil industry" and of grabbing every facet of the Conoco case to set the Administration's mark on merger policy.

This appears to be the aim of the Reagan Administration, which is aware that the outcome of the Conoco case, the target of the biggest takeover bids in U.S. history, may set a vital precedent.

Mr Baxter is expected soon to give an outline of the Administration's view on the Conoco case, which could result in a horizontal merger (acquisition by another oil concern, Mobil), a vertical merger (takeover by an oil user, Dupont), or an enlarged conglomerate if Seagram, with no oil interests, were successful.

The nub of the jurisdictional dispute is that both the Justice Department and the FTC have statutory anti-trust responsibility. The convention which Mr Clanton accuses the Justice Department of flouting is that a potential anti-trust case is taken on by whichever of the two anti-trust monitoring bodies "is considered to have most experience in the relevant industry or sector."

A few months ago the FTC droped a "shared monopoly" suit it had pursued for several years against the major oil companies.

Jealous of its remaining anti-trust prerogative, the FTC won permission to review the Seagram bid for Conoco. But the Justice Department insisted on reviewing the Dupont offer, which followed and then withdrew the FTC's right to look into the Seagram offer.

The last straw for Mr Clanton was the Justice Department's claim to the third bid for Conoco by Mobil because, as he said in his letter: "It believed it should review all proposed mergers involving Conoco." The FTC chief and his staff claim their petroleum industry expertise could have been most valuable in the case of one oil concern bidding for another.

President Reagan in fact wants to get the FTC out of the anti-trust field altogether, leaving the matter exclusively to the Justice Department which comes directly under his command. So far he has not proposed a formal whittling down of the FTC's statutory power, instead he has tried the circuitous route of asking Congress to deny the FTC money for anti-trust review or enforcement.

But the FTCs, quasi-independent from the executive, will shortly be under Mr Reagan's effective control. He has nominated one of his top de-regulators, Mr James Miller, to become the FTC chairman in September.

Page 14—The battle for Conoco
Page 24—Mobil results

Bank will fight legal ruling on securities

By David Lascelles in New York

THE WALL STREET investment banking community has won a battle in its long war to prevent commercial banks *encroaching on its territory* but the banks are not conceding defeat.

In a key test case brought by the Securities Industry Association (SIA), Wall Street's trade association, a federal judge ruled earlier this week that commercial paper is a security within the meaning of the Glass-Steagall Act, which creates the dividing line between commercial and investment banking.

The implication of this is that commercial banks may not issue commercial paper because they are barred by the Act from underwriting securities.

The case was brought by the SIA specifically to stop Bankers Trust, the large New York bank, from developing dealings in commercial paper, which is a form of I-O-U issued by large companies who want to raise short-term cash. The SIA maintained that this violated the Glass-Steagall Act.

However, Bankers Trust claimed that commercial paper is not a security, and its view was upheld by the Federal Reserve Board which regulates the banking industry.

Although Bankers Trust appears to have been rebuffed by the ruling, it said it would continue to issue commercial *paper because the ruling had* not found that it was "underwriting" this form of debt, which is the activity the Glass-Steagall Act specifically bars.

The SIA was expected to challenge this interpretation of the ruling.

The issue, although technical, is highly charged because it touches on the controversial question of banking deregulation.

Japan's vehicle exports show signs of slackening

BY OUR WORLD TRADE STAFF

JAPANESE vehicle exports registered their first decline for two years in June, on a yearly basis, when shipments came to 512,839 compared with 514,904 in June 1980. The decline was 0.4 per cent, but June shipments *were 2.4 per cent lower than in* May.

The total figures reflect both restraint in the U.S., EEC and Canadian markets, following agreements reached to hold back exports, and the push to offset these restrictions by sales in other markets.

Although exports to the U.S. were appreciably lower on a year-on-year basis, the *fall* in shipments to the EEC was only 0.1 per cent. The slowdown in exports to the EEC was more evident in the comparison of the June with the May figures, *which showed a fall* to 78,350 from 85,355.

Total car exports in June were 333,746 compared with 341,999 in June 1980 and 349,659 in May, 1981, the Japan Automobile Manufacturers' Association said. Truck exports in June climbed to 171,135 from 167,920 a year earlier.

JAPANESE VEHICLE EXPORTS

	June 81	June 80
U.S.	189,790	219,484
EEC	78,350	78,447
including		
UK	19,255	24,373
West Germany	27,941	21,416

There was an idication of the Japanese push into the markets outside the EEC and North America with a rise in shipments to Australia. They were 24,626 in June against 18,813 a year before.

Moscow attacks trade 'weapon'

MOSCOW—The Soviet Union yesterday accused the U.S. of planning to make further use of trade as a "political weapon" in its relations with Eastern Europe.

The official news agency Tass said that remarks by Mr Alexander Haig, Secretary of State, to a Senate sub-committee yesterday made clear that the Administration would always subjugate purely commercial interests to its long-term foreign policy objectives.

"The U.S. Administration regards trade as a political weapon and intends to continue using it in trade relations with the Soviet Union and other Socialist countries," Tass said.

Mr Haig, addressing the Senate sub-committee on international trade, said one of the main goals of Washington's *trading strategy* was to "change the policy of the Soviet Union in the international arena and make it more acceptable to the U.S."

Despite President Reagan's abolition of U.S. grain sales embargo against the Soviet Union, Moscow has remained suspicious about U.S. willingness to rebuild economic links and has repeatedly called Washington an "unreliable trading partner."

Tass said Mr Haig also *told* the sub-committee that the U.S. was trying to draw its West European allies into a policy of "economic pressure" towards the Soviet bloc but had been forced to admit that few of them showed any enthusiasm for Washington's "tough line."

During his speech, Mr Haig said the U.S. Administration was working urgently on an alternative proposal to a pipeline carrying gas from Siberia to Western Europe. Washington said it fears the pipeline will make its European allies too dependent on Soviet energy supplies.

Reuter

Negotiators agree $35bn budget cuts

By Our Washington Correspondent

CONGRESS IS expected to send President Reagan its budget-cutting Bill by the weekend for him to sign. This follows agreement by negotiators from the legislature's two houses on paring public spending by $35bn (18.8bn) in 1981-82.

Budget cuts are one of the four parts of the Reagan economic programme. The others are tax reductions, tighter money supply growth and less government regulation of business.

The annual budget marathon is not quite over. Technical adjustments, for inflation and interest rates, may be made in mid-September before the *budget takes effect on October* 1. But the substantive policy changes, with more money going to defence and less to social programmes, have now been made, as President Reagan wanted.

Mr Reagan originally asked Congress to cut spending by $40bn from the level of $739bn that President Carter proposed for 1981-82 as he left office in January.

Casey relaxed as hearing opens

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

MR WILLIAM CASEY, director of the Central Intelligence Agency, yesterday appeared increasingly confident that he would keep his job, despite a flurry of appeals for him to resign.

Mr Casey was relaxed when he arrived at Capitol Hill to defend his record before the Senate intelligence committee.

As the private hearing opened, the pressure on Mr Casey seemed to be easing. Senator Barry Goldwater, the committee's chairman, who led the anti-Casey campaign last week, appeared to be backing away.

Recognising that President Reagan is still supporting his CIA chief, Mr Goldwater said: "Mr Casey is a creature of the *President; and the President has* pretty much usurped anything I might think or say or do."

Mr William Casey: confident he will keep his job

The pressure on Mr Casey mounted after the resignation two weeks ago of Mr Max Hugel, the man he had chosen to head the CIA's undercover operations, amid allegations of stock market improprieties. Mr Casey's opponents, mainly Republican Senators, have questioned both his judgment in appointing Mr Hugel and his own past business activities.

Maintaining that his life was "an open book," Mr Casey himself asked to discuss the affair with the intelligence committee. He appeared to have emerged well from a preliminary investigation by the committee's staff.

"They haven't laid a glove on him," said Senator Lloyd Bentsen, a committee member, after the initial findings were presented to the committee on Tuesday.

Meanwhile, Mr Casey is doing all he can to make it clear that he is an active and responsible CIA director. He is now reported to have ordered a shake-up in the agency, including a review of ways to stop former agents transferring technology and information to such countries as Libya and the Soviet Union.

He is believed to be particularly concerned about a recent episode in which two former agents are said to have used their agency connections to travel to Libya to train terrorists and transport explosives there.

He has also criticised past intelligence estimates, particularly on Latin America and Africa, for failing to take adequate account of the Soviet threat.

He has told people in the agency that he has revised timetables and procedures to produce the estimates more quickly, "making them more crisp and more relevant to policy needs."

William Chislett, in Mexico City, previews more North-South talks this weekend

Mexico takes cue from Brandt Report

FOREIGN MINISTERS from 22 industrialised and developing countries are meeting in the Mexican Caribbean resort of Cancun this weekend to prepare the ground for a North-South Dialogue meeting of their heads of state in October.

The Foreign Ministers will discuss how the heads of state can most constructively cover in 48 hours the enormous issues dividing the world's rich and poor countries. Mexico and Austria, the meeting's co-sponsors, are hoping that by keeping the world's leaders together for two days in such pleasant surroundings, the political will can be forged to turn monologues into a genuine dialogue.

The idea for the summit, known formally as the International Meeting on Co-operation and Development, came from the controversial Brandt report on North-South issues. The report suggested that a summit, with limited but representative participation, could "launch ideas for a world economic recovery programme . . . and enlarge the prospects for global agreement."

Attempts to start global negotiations in the UN on the transfer of resources from rich to poor countries have so far failed to get off the ground, mainly because of U.S. resistance.

The Brandt Report paints an alarming picture of the chasm between the rich and the poor. While the North including Eastern Europe has one quarter of the world's population and four-fifths of its income, the South including China has three-quarters of the population but lives on one-fifth of the income.

The report has called for far reaching changes in the world economic system if mankind is to survive in peace.

There are already some 800m starving people in the world. Just one half per cent of one year's world military expenditure of $450bn would pay for all the farm equipment needed to help food-deficit low income countries approach self-sufficiency by 1990, according to the Report.

It argues that because of the growing interdependence between the North and the South on food, energy, finance and trade matters, it is in the interests of both sides to start a serious dialogue. There are some signs tha this is beginning to be recognised. Last week's Ottawa summit meeting of the West's seven leading industrial powers—all of whom except Italy will be represented at Cancun—was marked by the appearance of a new U.S. flexibility towards the issue. Washington has in principle abandoned its opposition to the proposed global negotiations at the UN.

Herr Willy Brandt: report paints an alarming picture of the chasm between rich and poor

The West also agreed at Ottawa to discuss with the oil producing countries whether a new financial mechanism might be established to promote investment in the Third World's energy resources. The developing countries and particularly Mexico, which because of its massive oil reserves views itself as a major Third World force, have meanwhile stepped up their call for "a new international economic order"—shorthand for a more equitable distribution of wealth.

Mexico and Austria were hoping that the Soviet Union would attend the Cancun meeting since they felt that such a major power could not be excluded from any useful talks on world development. But Moscow rejected the low-key overtures made to it by the co-sponsors and by West Germany, choosing to regard North-South problems as entirely the creation of the "imperialist powers."

China, however, will attend. It expressed great enthusiasm over the meeting, in line perhaps with its more outgoing foreign policy in recent years.

It will not be easy to agree an agenda at Cancun. The industrialised countries, particularly the U.S., are adamant that there should be no formal agenda, arguing that this might prejudice a move towards global negotiations. Privately, indeed, U.S. officials have already voiced serious doubts about whether the Cancun summit will serve much purpose. Mexican officials remain confident that even if the summit only serves to clarify positions—much easier among 22 nations than the UN's 152 members—then it will not have been a waste of time.

The Mexicans have already distributed confidential documents to the countries concerned, making up a report, which they hope will be used as a "framework for informal discussions." The recommendations carried in one of the documents are very close to some of those made in the Brandt Report, emphasising greater activity by governments and international institutions rather than business enterprises—a view which meets strong criticism from the U.S. and has led the documents to be viewed in effect as agendas by U.S. officials.

The areas for discussion are food, trade and industrial development, energy, monetary and financial matters. The Mexicans' report makes the following recommendations:

- The Food and Agricultural Organisation (FAO) should maintain reserves based on agreed contributions rather than solely on a voluntary basis, as has been the case until now T.e hidea of creating special compensating financial facilities in the IMF for food importing LDCs is also put forward.
- The protectionist practices of advanced countries should be counteracted and eliminated. The Generalised System of Preferences for the exports of developing countries should be improved and expanded.
- A world energy programme should be developed to promote greater rationalisation of consumption and alternative energy sources. The north should set "ambitious goals" for energy conservation.
- The role of official institutions in the administration of international liquidity should be expanded. Developing countries should also have a greater say in the decision making processes of the IMF and the World Bank. Quotas should be raised and a larger percentage made available to the LDCs. Industrialised countries should allocate 0.7 per cent of their annual GDP to official development assistance by 1985, raising it to 1 per cent by the year 2000.

India will fight U.S. bid to end nuclear agreement

BY K. K. SHARMA IN NEW DELHI

INDIA will resist a U.S. attempt to abrogate the 30-year agreement signed in 1963 on supplies of enriched uranium for the nuclear reactor built by the U.S. at Tarapur in Trombay, Maharashtra state.

The abrogation of the agreement is expected to be sought when talks begin today in New Delhi between delegations led by Dr H. N. Sethna, head of India's Atomic Energy Commission, and Mr James Malone, U.S. Assistant Secretary of State.

The move to end the treaty was made when the first round of the *talks* was held in Washington last April.

It was made on the grounds that the recently-passed legislation on nuclear non-proliferation made it impossible for the U.S. to supply nuclear fuel to countries like India which do not allow international safeguards to be applied to their installations.

India insists that the U.S. is contractually bound to supply enriched uranium to Tarapur and says that the agreement should not be affected by legislation passed long after it was signed.

Shipments of enriched uranium have been delayed by the U.S. Administration for the last three years and at present 19.5 tons are overdue.

The Indian Government says that if the U.S. ends the agreement "unilaterally" then it will not be bound by its other provisions. India would then feel free not only to find fuel for the Tarapur reactor from other sources, but *also* to claim full title to the *spent fuel stored* at Trombay.

The U.S. fears that India will reprocess the spent fuel and, without international safeguards, could extract weapons-grade plutonium. Mr Malone is expected to argue that what the U.S. is seeking is not to terminate the agreement unilaterally but to abrogate it by mutual consent.

Moves to revise export credits

The European Commission is to seek a mandate from the EEC Council of Ministers to negotiate a revision of the interest rate structure for export credits covered by the OECD international guidelines. But the Council is unlikely to agree a mandate before September, in time for an international negotiating meeting in October, Our World Trade Staff writes.

Informally, the EEC has suggested to the U.S. that there should be a rise of two percentage points in the interest rates which range from 7.5 to 8.75 per cent. This is thought sufficient to meet U.S. demands, but has run *into opposition* from Japan where domestic interest rates are lower than the guideline rates.

Turkey extends trade creditors' deadline

BY METIN MUNIR IN ANKARA

THE TURKISH Government will extend the September 30 deadline given to trade creditors for choosing between receiving repayment in Turkish lira or in foreign currency.

The deadline is expected to be extended until the end of this year, bankers said.

The debt comprises non-guaranteed commercial arrears totalling $1.1bn (£578m) arising from imports by Turkey between 1977 and 1979.

Under the programme to liquidate this debt, Turkey has offered payment in Turkish lira upon demand or in foreign vurrency over 12 years.

An increasing number of creditors seem to be opting for the Turkish lira repayment scheme. And it is in the hope that more creditors will select that option that the Government has decided to extend the September deadline, bankers said.

On June 30, the sum liquidated through payment in Turkish lira was $536.5m. The debt to be repaid in foreign currency amounted to $570.4m. The first interest payment for this latter category has been made recently, or is in the process of being made, accordingly to the Central Bank.

Many trade creditors have been selling their Turkish receivables at between 30 and 36 per cent of their orginal value (declaring the remainder as loss) to companies which have operations in Turkey.

Buyers opt for the Turkish lira repayment scheme and use the money in Turkey in a wide variety of Government-approved fields.

The extension of the deadline means that these transactions—tacitly encouraged by the Government—will continue.

Finns seek cut in Soviet gas prices

Finnish industries using natural gas as their primary energy source have told Neste, the Finnish state oil company, that it must seek from the Soviet Union a sizeable reduction in natural gas prices, our Helsinki correspondent writes.

Soviet natural gas prices are 10 per cent higher than crude oil prices. Neste holds price talks in Moscow next month. The company said the high price was discouraging demand, which could fall to 800m cubic metres this year from 925m last year.

Hopes of talks on trade in services

***Preliminary* talks aimed at liberalising world trade in services should start by autumn 1982, Mr Geza Feketekuty, the Assistant U.S. Trade Representative, said in Tokyo. But multilateral negotiations are unlikely before 1984-85, our World Trade Staff writes.**

Greater freedom of trade in services is a major point of U.S. trade policy. Mr Feketekuty *has been discussing the issue with the* Japanese Government. He said there is growing U.S. concern about protectionist trends against imported services like shipping and finance.

Parkinson defends British trade performance in Latin America

BY PHILIP MARVIN

"You've got to see the reality of the situation. We sell six times as much in Nigeria as we do in Venezuela and Mexico combined. Companies concentrate their efforts where they can do best."

Mr Cecil Parkinson, the UK Minister for Trade, was defending the poor performance of British companies in Latin America in the last few years, but was quick to switch to a more positive theme: "British companies are becoming much more active in the area, much more determined, they realise they've neglected the area for too long."

Interviewed after his recent 12-day tour of Mexico, Peru and Colombia, Mr Parkinson admitted that his attitude to the area has changed dramatically in the two years that he has been in office.

"After my first visit to the region, a couple of years ago, I was a bit dubious about prospects. It was the time of the most recent oil crisis. Countries needing oil were willing to close contracts with countries like Mexico at almost any cost and being self-sufficient in oil, we found ourselves at a significant disadvantage when competing for major contracts.

"But now with a world oil glut, countries who made over-hasty deals in the past are trying to wriggle out of them. In Mexico, for instance, we are now seen as a country with impeccable credentials."

Mexico is one country where Mr Parkinson is hoping British companies' fortunes are about to change, especially since British Petroleum's recent negotiations to purchase Mexican oil have significantly increased goodwill towards the British.

His recent visit was well timed, since the Mexican authorities will be making a series of decisions on major projects in the next three months. Davy Loewy is chasing a £150m plate mill construction contract, as part of the second stage of the Sicartsa steel project. Davy McKee is after a £37m copper refinery construction contract at La Caridad, and GEC, is hoping to clinch a generating joint venture with a large Mexican company, among other deals.

Joint ventures between Mexican and British companies are on the increase. Twenty such deals were signed last year bringing the total to 80, and another 15 are in the pipeline. Although Mexico has already taken over from Brazil as the UK's largest export market in Latin America—exports for the first two months of this year were worth £28.5m, up 29.5 per cent on 1980—the UK performance pales into insignificance when compared with Japan.

Japanese exports to Mexico rose 45.5 per cent last year and were worth over £600m. British exports also rose significantly by around 40 per cent but were worth only £188m.

Elsewhere in Latin America, the picture was more depressing. Only in Argentina where the value of exports rose over 30 per cent to £172.8m compared to 1979 was there any significant rise. This year this figure is likely to fall substantially because of the country's severe economic problems.

However, Mr Parkinson insists that the future is bright. "We shouldn't be concerned by short-term problems in their economy. We have a team of businessmen going out with Peter Walker, Minister for Agriculture, in September to Argentina and none of them have cancelled their visit."

Mr Parkinson admits that no major contracts are going to be pulled off this year, although a visit by a team of British businessmen lead by Midland Bank a couple of months ago, was considered very useful in opening the way towards possible future contracts.

In neighbouring Chile, a free market policy has also helped to keep British exports reasonably buoyant although, as in Argentina, other countries have taken far more advantage of the trade possibilities than Britain.

"We never actually broke off commercial relations with Chile nor ECGD cover. We continued to offer 180-day credit although this was limited in scope. The previous Government cut back its efforts to sell to Chile for both commercial and political reasons. We have less ideological hang-ups. When we came back into power we restored long- and medium-term credit facilities. The trade figures are moving nicely in the right direction," says Mr Parkinson.

In Brazil, where UK exports fell by over 30 per cent last year to a total of £218.2m, any major improvement is going to depend very much on co-operation on coal technology.

Dr Cesar Cals, the Brazilian Minister for Mines and Energy, signed a memorandum of understanding with the UK Government in March aimed at easing the transfer of the technology in the form of specific project development contracts and to create co-operation between the Brazilian coal and power sectors. At the same time, Babcock International clinched a £120m contract for two coal gasification plants in São Paulo and was nominated as the co-ordinator for company contracts from the British side.

Although Brazil's exploitation of its coal resources has become a priority after the failure to find any significant new oil deposits—coal output is planned to triple between now and 1985—the speed of development, the pace at which the contracts may come through is very dependent on the Brazilian strategy on foreign indebtedness.

Since Brazil wants suppliers to arrange finance, British companies are going to have to come up with internationally competitive credit packages. However, as elsewhere in Latin America, the British contribution to Brazilian development plans is relatively small and the hope is that the provision of credit facilities and a satisfactory outcome on coal talks will gain access for British companies into other sectors.

Meanwhile, Mr Parkinson *makes no secret of his feelings* about Brazilian trade policies. He says: "Brazil maintains unjustifiably high tariff barriers which should be reduced unconditionally."

British trade performance in the Andean Pact countries—Venezuela, Peru, Colombia, Ecuador and Bolivia—has, as Mr Parkinson admits, been abysmal in recent years. However, there are signs of a breakthrough following his visit to Peru and Colombia.

In Colombia, Balfour Beatty is a hot favourite to clinch a £175m hydroelectric contract. Colombia has also taken up the offer of a $400m ECGD-backed line of credit to help purchase UK equipment and technology for the $2bn El Cerrejon coal project. Metro construction projects in Cali and Medellin are seen as other strong possibilities in the coming months.

In Peru, where Mr Parkinson praised the Government's policy of lowering tariffs substantially and accepting overseas competition in its domestic market, prospects have also improved. Britain has agreed to supply railway equipment worth more than £10m and Tarmac, in a consortium with a Swedish and a Brazilian company, is negotiating a civil engineering contract on the $600m Olmos irrigation and hydroelectric project.

Oil-rich Venezuela, however, reflects the British failure recently to penetrate the Latin American market more than any other country there. It has been a graveyard for British trade hopes, with only the Venezuelan obsession for Scotch whisky keeping trade figures from falling to disastrous levels.

Meanwhile, the pattern of greatly increased ministerial visits to the region—more ministers have visited the area in the last two years than in the previous 12 years—is to continue. Mr John Biffen, the Trade Secretary, is to visit Venezuela, Mexico and Brazil next year.

هكذا من الأصل

Esso Chemical ready to retain £360m Fife plant

BY SUE CAMERON AND HAZEL DUFFY

THE U.S. company Esso Chemical is ready to lift its threat to abandon its £360m petrochemicals project at Mossmorran, Fife.

An announcement is expected within a week. The company has already broken its moratorium on plant orders by sending a letter of intent to Northern Engineering Industries for £7m worth of boiler equipment.

A green light for the Mossmorran scheme would do much to safeguard thousands of jobs in the process plant industry. Mossmorran is the most important single project under way in Britain.

The Process Plant Association believes that survival of some of its member-companies could depend on winning equipment orders for the plant. The association expressed deep concern when Esso Chemical first threatened to cancel the plant in June on the grounds that it might not be economically viable.

Since then the company has had a series of intensive meetings with Ministers and Government officials.

Esso executives met Inland Revenue officials on Tuesday for further discussions about tax on the North Sea ethane gas to be used as a raw material at Mossmorran.

The company wants the gas made cheap for tax purposes.

But there are fears that such a concession might set a precedent for pricing ethane gas coming through Britain's planned £2.7bn North Sea gas-gathering system.

Esso Chemical made two other demands as part of its price for going ahead with the Mossmorran project.

- A sizeable cut in rates because these would be lower if the site were in England. It is believed Esso has much of what it wanted here.
- Complete exemption from Petroleum Revenue Tax on all gas liquids for Mossmorran from Shell-Esso's Brent Field, a demand thought to have been turned down flat by the Government. There is some feeling that Esso, which has accepted this, was "just trying it on."

But negotiations over the tax to be paid on the in-house transfer of ethane from Esso Petroleum to Esso Chemical have evidently progressed far enough for the company to resume ordering equipment for the plant.

The letter of intent sent to International Combustion of Derby, part of Northern Engineering Industries group, is expected to bring a contract soon.

The £7m boiler order would bring value of Mossmorran contracts with British companies to £20m.

The site for the plant has been cleared. Esso Chemical is known to have spent some £30m on the project.

Esso's main contractor, Lummus, placed several contracts in the UK and about £5m-worth of orders with companies abroad before it was decided to review the scheme.

The plant will produce 500,000 tonnes a year of ethylene, so-called building block of the petrochemical industry

Esso Chemical, apparently under pressure from its U.S. parent Exxon, had second thoughts about economic viability largely because of Europe's huge over-capacity of ethylene.

Industry experts think ethane gas a more efficient feedstock for ethylene production than the oil-based naphtha most used now.

The group has apparently asked the Inland Revenue to agree to its ethane being given a lower value, when it is transferred from Esso Petroleum to Esso Chemical, than if burned in a power station.

Dublin in H-blocks' protest to Britain

By Richard Evans, Lobby Editor

THE GOVERNMENT has been embarrassed by accusations from Dublin that the position of Dr Garret FitzGerald, the Irish Premier, has been misrepresented over the H-blocks' hunger strikers by Mrs Margaret Thatcher.

Protests have been made to Sir Leonard Figg, the British Ambassador in Dublin. A response will be sent this week, probably today.

The charge of misrepresentation arose from a letter sent by Mrs Thatcher to Senator Edward Kennedy and three other U.S. politicians in which she claimed that the Irish Government appeared to be satisfied by conciliatory moves made over the hunger strikers.

Mrs Thatcher's response is likely to be conciliatory in view of her anxiety to maintain close relations with Dr FitzGerald's Administration.

Stewart Dolby adds from Dublin: Dr FitzGerald has denied that he ever said or instructed his spokesman to say that he felt that the responsibility for ending the strike lay with the hunger strikers. Mr Kieran Doherty, a member of the Irish Parliament, is now in the 69th day of his fast.

GLC to submit transport plan

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE LABOUR-CONTROLLED Greater London Council is to submit to the Government tomorrow a plan to spend £1,318bn on transport in the capital over the next two financial years.

The proposed expenditure would include £635m for 1982-1983. This exceeds by 84 per cent; or £289m, the total of £346m planned spending accepted for grant aid of £159m by the Government for the financial year 1981-82. Most of this increase is caused by the higher level of revenue support, up £193m, proposed for London Transport's buses and tube trains, as a consequence of the GLC plan to cut fares by 25 per cent from October 4.

The council wants the Government to consider this increase in revenue support mainly as a transfer of the financing of public transport in London from the fare payer—as was the case when the Conservative group wa sin power at the GLC—to the taxpayer. The increases in revenue support will be paid for by higher rates.

Of the total of £1.318bn, which the council wants to spend, the transport committee wants the Government to provide £772m under the supplementary grant ssytem over the financial years 1982-83 and 1983-84.

The council argues that Government support for transport spending in London has fallen over the past seven years. The planned spending accepted for grant by the Government fell by a third from the £515m of 1975-76 to £346m in the current financial year, at constant November 1980 prices.

The council believes that the provision o fadequate transport systems is essential to the essential to the economic life of London, and to rejuvenate decaying inner city areas.

London has one-eighth of all Britain's licensed motor vehicles. But it has only 25th of the total surface roads, the GLC transport committee says.

Nearly all the capital's tube system is over 70 years old. The GLC considers that transport in London "has reached a level of public dissatisfaction that calls for a complete change of direction."

'Order of merit' basis of university cuts

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE SUBJECTIVE judgments of about 80 people, predominantly academics, were the main influence on the University Grants Committee's controversial plan to cut some of the 42 British institutions severely and others only lightly or not at all.

However, two principal objective criteria were also used. These were the popularity of an institution's courses among academically talented school leavers, and the research income it received from all sources including industry.

The basis of the committee's decisions has been kept secret. However, it has now agreed that its evidence, in private, to the Commons Select Committee on Education should be published, possibly later today.

As the measure of a course's popularity the committee took the average GCE "A"-level grades of the students joining it.

The result was Cambridge, Oxford, Bristol and Durham at the top with Aston, Salford, Essex and Keele at the bottom.

The ranking by research income was also headed by Cambridge, which covered about 15 per cent of its expenditure with research funds from industry and other external sources and 32 per cent with grants from academic research councils.

P & O cuts the price of autumn cruises

By Andrew Fisher, Shipping Correspondent

P & O Cruises is to cut the cost of three autumn cruises by 15 per cent in an attempt to win back passengers in a depressed season.

The cruises are aboard Canberra, the company's 45,000 ton flagship.

Two, in October, visiting Spain and the Canary Islands, and ranging in price from £524-£1.643 will be reduced to between £446 and £1,400.

The third, in November, covers the same area, but takes in West Africa and Maderia.

The group said recently that cruise bookings were some 8 per cent lower this year, although there had been some encouraging late business.

P & O announced this week that passengers on Oriana's last voyage from Southampton this November would receive a free flight back to Britain after the six-weeks' one-way cruise.

The trip—to Australia and New Zealand via Bermuda, Mexico, Hawaii and the South Pacific—will cost between £1,436 and £6,664.

Plan to start gas system studied

BY SUE CAMERON, CHEMICALS CORRESPONDENT

PLANS TO break the deadlock over Britain's planned £2.7bn North Sea gas-gathering system by allowing British Gas Corporation to take charge of the project and start construction work are now being examined by the pipeline organising committee.

The highly ambitious pipeline scheme has been bedevilled by delays—chiefly over the way in which it is to be financed—since the Government gave it the go-ahead and set up the organising committee last summer.

The latest proposal is that British Gas should be asked to begin work on the line and on the gas separation plant that is to be built at St Fergus on the Scottish coast.

Some officials believe that if the project can be started North Sea oil producers, chemical companies and other interested parties will come forward to invest in the scheme.

The Government wants the new pipeline to be run by a company in which British Gas and all the other interested parties would have a stake.

The Treasury would have to agree to let British Gas raise the money to start work on the line. But with at least £800m needed for the initial phase of the new gas gathering system, there would be implications for the public sector borrowing requirement if British Gas were to provide this. The Treasury could therefore veto the latest plan.

One possibility is that money put up by the gas corporation would be counted against the PSBR only if the loans were called in. Despite protracted discussions it is thought the Treasury is still reluctant to accept this idea completely.

There have been hopes that a consortium of banks, led by the Bank of Scotland, would put up the funds for the line. But negotiations have been deadlocked because of doubts about obtaining a guarantee. The Government has been unwilling to underwrite the loan, again because of implications for the PSBR.

The delay is in marked contrast to the speed with which Norway is going ahead with its planned offshore pipeline. The Norwegians, despite the much greater technical problems involved in their gas gathering system, have already started asking for tenders for laying the pipe and it is expected that they may start awarding contracts in the autumn.

How Llantrisant has coined it for the Wedding and the world

The Royals

Royal Mint

by Anthony Moreton

THERE'S NOT been much sign of wedding day activity in Llantrisant, a small town of some 23,000 people in mid-Glamorgan. Just a few flags here and there, and a picture or two of the royal couple in a shop window.

This is strange really because the area stands to gain as much as any from yesterday's wedding. Llantrisant is the home of the Royal Mint and to commemorate the happenings in St Paul's Cathedral 24m commemorative coins were minted for sale through banks and other places over the last few months at 25p each.

Another half a million rather better versions of the same coin have been selling at £1.95 each and a quarter of a million "proof"—superior quality—versions in sterling silver at £28.75.

Also the Mint has created crowns for 14 other countries ranging from Tuvalu in the far-off Pacific to Tristan da Cunha and St. Helena in the South Atlantic, and Gibraltar and Guernsey nearer home. So taken all in all, Llantrisant did not do too badly out of the wedding.

The Mint employs just under 1,300 people and is one of the largest employers in the area, not far behind the giant Ford engine works at nearby Bridgend.

The wedding coins illustrate the way in which the Royal Mint has changed and developed, especially over the last decade. Thirteen years ago, when the Mint began its move from Tower Hill in London it was already producing commemorative coins and coins for overseas.

But this side of its activity has grown enormously. Last year foreign operations accounted for £42m of its £70m turnover.

Mr Ernie Howlett, production director at Llantrisant, says the Mint has always produced proof sets "but it was not really into the numismatic field. Now, the Mint has a sales organisation in London and proof sets are a very large part of our activity."

The Mint's standing among foreign governments is exceptionally high and many countries which do not have the means to produce their own coinage turn to it, both to purchase coins and, as in the case of the Sudan and Mexico at the moment, seeking advice on their own operations.

Despite this esteem there is still plenty of competition in overseas markets. The Canadians and the West Germans, and to a lesser extent the French, are very active trying to supply other countries with coins. Moving the Mint to Llantrisant gave Britain an immense advantage. Many of the world's mints are now around 100 years old and so the switch from the very restricted Tower Hill site, which covered five and a half acres, to the spacious Llantrisant building, which covers 30 acres and has more room in reserve, has enabled the British to put in new machinery and improve the production runs which have brought down the cost of production.

The move out of London was not greeted with universal acclaim, though. The Mint had been on Tower Hill since 1811 before that having been earlier within the confines of the Tower of London since about 1300.

There was therefore a traumatic historical break, not to mention the problems of moving staff. In the event, few of the London staff actually made the switch—just some 70 key workers out of a total labour force of around 1,200.

It is one of those little ironies that the executive head of the Mint, the Deputy Master — the Chancellor of the Exchequer is the titular head as Master—has never moved out of London. Successive deputy masters come down two days a week, preferring the proximity of Whitehall to rural South Wales for their head office.

The Mint at Llantrisant was officially opened by the Queen in December 1968 and ran in parallel with Tower Hill for seven years. Since 1975 all the Mint's work has been undertaken in South Wales.

At first Llantrisant only handled the three bronze coins in the run up to decimalisation. Before decimalisation could be introduced in February 1971, it was necessary to produce 3.4bn bronze coins. But once Llantrisant had met its initial targets it progressively took in other coinage from Tower Hill.

The Royal Mint is not the only mint in Britain. There are two important ones in Birmingham—IMI and Birmingham Mint Products—and Pobjoy Mint in the south London borough of Sutton. But only the Royal Mint makes coinage of the realm.

The others make coins for foreign governments and a lot of tokens for the vending industry—a field into which the Royal Mint has never entered—as well as souvenirs and medals. Here the Royal Mint competes strongly, turning out for instance the Air Force Cross, the George Medal and the Distinguished Service Cross as well as various long-serving and gallantry medals, though not the Victoria Cross.

A window cleaner once tried to smuggle coins out in his chamois leather but was defeated by being too greedy. Another worker who got coins out was caught when he was found to be continually paying for things with a supply of nice new shiny 50p pieces.

Tomorrow: The Royal Tournament

Roger Taylor

Crowning glory: Dr Jeremy Gerhard, deputy master, with wedding crowns produced for overseas governments.

COMPARISON OF FORECASTS

Percentage change year-on-year in constant 1975 prices unless stated		Treasury* (Mar.)	OECD† (July)	Intnl. Monetary Fund (July)	National Institute (May)	London Business School (June)	Confedtn. of British Industry (June)	Warwick Manpower Research (May)	Cambridge Econo-metrics (June)	Cambridge Economic Policy Gp. (April)	Liverpool Group (June)	Henley Centre (July)	Staniland Hall (July)	Economist Intelligence Unit (July)	Phillips and Drew (July)	Wood Mackenzie (July)
Gross Domestic Product	1981	−2	−1.5	−2.8	−1.2	−1.7	−3.0	−1.9	−1.9	−3.4	−0.5	−1.7	−1.8	−1.2	−3.1	−2.0
	1982	+1	+0.25	+1.0	−0.1	+2.8	+0.3	+0.7	+1.3	−2.8	+3.2	+1.9	+1.6	0	+1.3	+3.4
Consumer Spending	1981	−1	−0.75	−1.0	+0.6	+0.8	−0.4	−1.2	−1.5	−0.1	—	−0.3	−0.2	−0.4	−0.9	0
	1982	+1	+0.25	—	0	+1.3	−0.2	+1.2	−0.8	−0.4	—	+1.6	+1.1	−0.7	+1.1	+1.8
Exports	1981	−5.5	−4.5	−3.4	−3.1	−4.6	−6.0	−2.0	−5.6	−4.2	—	−4.3	−4.4	−3.8	−3.5	−4.5
	1982	−1.5	−0.25	—	+3.5	+2.6	+2.4	+1.3	+4.8	−0.6	—	+0.8	+3.3	+0.7	+5.3	+5.0
Imports	1981	−2.5	−5	−2.2	−4.8	−4.1	−4.0	−1.5	−4.4	+4.4	—	−2.3	−5.5	−4.5	−1.6	−3.2
	1982	+8	+6	—	+7.8	+6.6	+5.5	+2.7	+3.2	+3.4	—	+4.6	+6.5	+9.1	+9.1	+8.0
Stockbuilding £bn 1975 prices	1981	−2.1	—	—	−2	−1.5	−1.9	−1.8	−1.8	−2.0	—	−1.65	—	−1.38	−1.56	−1.6
	1982	+0.15	—	—	−0.5	+0.83	−0.1	−1.4	−0.2	−1.7	—	+0.2	—	+0.8	+0.83	+0.5
Retail Price Inflation‡ (year to fourth quarter)	1981	10	11.5	—	10.5	10.6	10.9	12.9	12.5	13.7	11.1	10.8	11.3	12.5	10.5	11.0
	1982	8	8.25	—	8.5	8.1	8.9	8.7	10.9	11.3	6.4	10.0	9.5	11.8	10.9	10.5
Unemployment§ (adults, fourth quarter, million)	1981	—	—	—	2.6	2.68	2.75	2.4	2.6	2.6	2.6	2.85	—	2.72	2.83	2.7
	1982	—	—	—	3.0	2.66	3.0	2.8	2.9	3.2	2.7	3.00	—	2.81	2.99	2.7
Current Account (£ billion)	1981	+3	+5.2	+3.7	+5.5	+3.8	+2.6	+1.3	+0.9	+0.8	+4.0	+5.62	—	+4.9	+4.0	+3.5
	1982	0	−0.4	—	+5.2	+1.7	−0.99	+2.9	+3.4	+0.2	+3.5	+2.74	—	−0.1	−0.7	0
Public Sector Borrowing (£ billion)	1981-82	10.5	—	—	9.5	10.6	10.5	—	—	—	—	12.0	—	11.1	11.6	10.3

*1982 forecasts for Treasury are for first half compared with first half of 1981; inflation estimate is for mid-1982.
† Organisation for Economic Co-operation and Development.
‡ Consumer price inflation for National Institute, London Business School, OECD, CBI, Cambridge Econometrics, Cambridge Economic Policy Group, Warwick and Liverpool and in last four cases average for year not 12 months to fourth quarter.
§ Great Britain figures for National Institute and average for year not fourth quarter estimate for both Cambridge groups, Liverpool and Warwick.

Slight upturn next year predicted

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ONLY A modest recovery in the British economy is likely next year. Unemployment will probably continue to rise slowly, but the inflation rate may decline to single figures and public sector borrowing could well fall.

This is the average view of leading organisations which produce regular economic forecasts in the UK. Almost everyone agrees the economy should grow next year after two years of sharp contraction, but there is considerable disagreement about how much.

The forecasts are subject to a wide margin of error—often as large as the forecast change in output.

Forecasts in the accompanying tables are meant to be representative rather than comprehensive. The following statements and estimates also take into account the projections of the ITEM Club, the Economic Models Group and stockbrokers Simon and Coates, Rowe and Pitman, de Zoete and Bevan, Hoare Govett and T. C. Coombs.

In general, the forecasters have become gloomier since early February, when the last full-scale comparison of forecasts was published. A slightly larger fall in output this year, and a slightly smaller rise in 1982, are expected. Similarly, unemployment is expected to be about 200,000 higher by the end of next year than previously estimated.

Unlike previous comparisons, the new one shows clear differences between the forecasts of bodies with monetarist and Keynesian views of how the economy works.

In general, the former (the London Business School and the Liverpool Group) are more optimistic than the latter (the National Institute and the OECD) about the prospects both for output and for inflation. This partly reflects their analysis of the impact of the slowing inflation rate on personal savings.

The main features are:

● There is agreement that the recession has broadly flattened out, though real gross domestic product is likely to be nearly 1.9 per cent lower on average than last year. But the rise next year is expected to be only 1.3 per cent.

These figures encompass both optimists such as Hoare Govett, who project rises of 0.9 per cent this year and 2.3 per cent next, and pessimists such as Mr Wynne Godley's Cambridge Economic Policy Group, which propects declines of 3.4 and 2.8 per cent respectively.

● The different forecasts largely reflect contrasting views on likely movements in industry's holdings of stocks and on how far consumers reduce personal savings to maintain expenditure. There are also differences of opinion on the impact of the deterioration in competitiveness.

● Consumer spending is on average expected to fall by 0.4 per cent this year, in response to the squeeze on real incomes, and rise by 0.6 per cent next year.

● Export volume is expected to drop by 3.7 per cent this year and recover by 2.1 per cent in 1982 as world trade picks up. Import volume is projected to drop by nearly 3 per cent this year in line with expected destocking of £1.65bn (at constant 1975 prices) before rising by 5.9 per cent next year as stocks are built up.

● The forecasters are on average rather more pessimistic about inflation than last February, but it is slightly surprising that they still expect a single figure rate by the end of next year. This could be because many projections were prepared before the full extent of the fall in sterling was realised. Many of the more recent projections, especially those from the City, are more pessimistic.

However, no one expects a significant re-acceleration from the current 12-month rate of 11.3 per cent.

● The employment outlook remains bleak. The seasonally-adjusted total of jobless adults is projected to rise from 2.58m now to 2.75m by the end of the year and to 2.95m a year later. This implies a "headline" total, including school leavers, of over 3m well before then.

● The overshoot in public sector borrowing this financial year is projected to be less than in 1980-81, when the excess was £4.75bn. This time the gap could be about £750m at £11.25bn and borrowing could fall to £9.8bn in 1982-83. Both monetarists and Keynesians believe this may allow cuts in taxes and interest rates.

● The current account of the balance of payments is expected to remain in surplus, though on a smaller scale than recently because of the rise in imports expected next year. The surplus is projected to decline from £3.6bn this year to £1.2bn in 1982.

This is, however, an area of mystery because the Civil Service dispute has prevented the publication of trade figures since February.

Treasury watchful on plan to aid jobless

BY OUR ECONOMICS CORRESPONDENT

TREASURY MINISTERS are determined that the new measures to alleviate unemployment do not raise public spending above planned levels.

It is clear that during this autumn's review of future spending, the Treasury will press for the extra cost to be offset by reductions in other programmes.

Sir Geoffrey Howe, the Chancellor, hinted at the likely attitude in a speech on Tuesday. He said the long term task of restoring the health of the economy required "among other things, firm control of public expenditure.

"Tempting suggestions to alleviate unemployment have to be scrutinised very carefully. For excessive expenditure, if it is not to mean higher interest rates, must involve higher taxes on the true wealth creating sector."

This reinforces Sir Geoffrey's statement during the Commons censure debate on Monday that the extra expenditure this year will be met from the contingency reserve and costs for later years will be taken into account in the autumn when we complete this year's review of future public spending plans.

"Total spending will be kept to levels that are consistent with the medium term financial strategy while reducing the monetary growth and controlling public borrowing."

Detailed discussions on spending will take place in late October and November. Following the preliminary look at spending prospects by the full Cabinet last week it is already clear that spending Ministers will resist Treasury requests for further cuts.

For 1982-83 the Employment measures represent new expenditure of £320m—that is in addition to the Youth Opportunities Programme costing between £360 and £400m.

Taken together these measures will have a smaller net impact on public sector borrowing in 1982-83. This is likely to be about £400m to £500m because of the offsetting effects of oil revenue from income tax and National Insurance contributions as a result of the boost to employment.

Agreement expected on Civil Service pay

BY PHILIP BASSETT, LABOUR STAFF

LEADERS OF Civil Service unions are expected today to accept the Government's improved pay offer to its 530,000 white-collar staff and call off the 21-week campaign of strikes.

The full 63-member Council of Civil Service Unions has little choice when it meets tonight than to take a formal decision on the outcome of voting on the offer.

The result is likely to be an end to the longest national dispute since the miners' stoppages after the General Strike in 1926.

The second largest union in the Service, the Society of Civil and Public Servants, still has some branch meetings to hold today on the Government offer.

This is 7½ per cent for this year with negotiations for next year's deal free of pre-set cash limits, supported by access to qualified arbitration, and an independent inquiry into future pay determination.

Branch meetings today include London, Edinburgh and Southend, where society members have halted the value added tax processing computer since the strikes began.

Even if voting for rejection in these branches were enough to reverse the 53 per cent so far for acceptance, the outcome of the Council meeting could not be affected, given clear acceptance of the offer by branch voting in other constituent unions.

In favour of acceptance will be the clerical Civil and Public Services Association (20 voting seats on the council); the scientific and technical Institution of Professional Civil Servants (11 seats); the lower-grade Civil Service Union (six); the senior grade First Division Association — Assocation of Inspectors of Taxes (two); the engineering Association of Government Supervisors and Radio Officers (two); and the Prison Officers' Association (three).

The only union against at present is the taxmen's union, the Inland Revenue Staff Federation (eight seats), which voted narrowly for rejection.

If the SCPS (11 seats) continues in favour of acceptance in line with the voting so far it will make any split of seats 55-8. If it switched and voted for rejection, the majority for acceptance would still be 44-19.

Return to work by the 5,000-odd selective strikers is likely before Monday, though union leaders fear that there may be pockets of local unofficial action.

Strike exemption for editors may end

BY JOHN LLOYD, LABOUR CORRESPONDENT

NEWSPAPER EDITORS who are members of the National Union of Journalists are likely to lose their exemption from being called out on strike. An NUJ ballot has produced a narrow majority for involving them in industrial action.

The result will be considered by the NUJ executive this weekend and is binding upon it. However, it is likely that the ending of exemption for newspaper editors, who form a special class of membership in the NUJ, will require a rule change, which in return will need the consent of the union's annual delegate meeting next year.

The ballot return of 6,141—about one-fifth of the union's total membership—showed 3,345 voting for an end to the exemption, and 2,939 voting for its maintenance, a majority of 406.

Union members also voted, by 4,079 to 2,154, to confirm existing policy of calling out editors who do not hold special class membership, and by 3,896 to 2,385 for affiliation to the leftist Campaign for Press Freedom.

The ending of the special class exemption will affect about 30 NUJ members who are newspaper editors. They may leave the union as they would feel themselves torn between loyalty to union and company.

Imports of German food up sharply

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

SALES OF West German food and drink in the UK last year grew by 26 per cent to a record £757m at retail prices.

Figures published by the Central Marketing Organisation for German agricultural industries (CMA) show that the UK now accounts for 11 per cent of Germany's total agricultural export sales.

The volume of imported German food rose by a tenth last year to exceed 1m tons for the first time. This means Britain is challenging Italy, Holland, and France in the league table of German food importers.

The rapid growth in German food imports is surprising, given the static level of demand for food generally in the UK.

The CMA has courted the big supermarket chains to ensure that its products receive national distribution. The strength of sterling against the D-Mark in recent years has also helped producers maintain relatively stable prices.

The CMA's figures for the first quarter of 1981 suggest that the growth is continuing. Volume sales are up by 11 per cent over the same period last year.

Clearing house takeover talks

BY DAVID MARSH

TALKS ON a delicate City takeover deal aimed at smoothing the way for London's planned gold and financial futures markets are entering their final stage, Mr Tom Bryans, chief general manager of the Trustee Savings Bank Group, said yesterday. The TSB plans to sell its fully-owned subsidiary, the International Commodities Clearing House (ICCH), to a consortium of financial institutions in which clearing banks are expected to play a leading part.

The Bank of England is playing an important role in supervising the restructuring operation, seen as crucial to the success of the City's planned new markets.

ICCH plans to provide the clearing services for the futures markets, which it is hoped will start within a year.

The clearing house became a subsidiary of the TSB in March, when the savings bank group took over the once-troubled finance house, United Dominions Trust, which owns ICCH.

ICCH already runs the clearing operations for other London commodity markets.

Before the two markets are set up, the Bank of England is keen to see ownership of the clearing house spread among several financially strong institutions — clearing banks and perhaps other City institutions. It does not oppose participation by foreign banks. The TSB has not decided whether it will retain a stake in ICCH by taking part in the consortium.

The Bank may also conclude that ICCH needs to raise its capital from the present £15m.

Mr Bryans said the TSB had discussed the operation with the Treasury, which has ultimate responsibility for its financial stability, and the Bank of England. The TSB was waiting for firm information on which buyers would be acceptable to the authorities before purchase negotiations could begin.

He said the first stage of selecting possible consortium members would be completed soon, but he could not say how long it would take to settle the details.

Some clearing banks — with little or no experience in futures markets — are lukewarm about taking part, in spite of ICCH's profitability. Barclays, for instance, says it has "no plans" to acquire any stake in the clearing house.

Delays in the restructuring deal have led to uncertainty among future participants in the two markets. Emphasising the importance of the talks to the planned London financial futures market, which is to start dealing in forward interest rate and currency contracts next spring or summer, one clearing banker said: "The question of ownership of the clearing house is crucial to the financial stability of the market.

"The credibility of the City of London is at stake. If the market is set up without sufficient financial backing, we could all suffer."

The City hopes the two new exchanges will challenge the supremacy of U.S. futures markets in the gold and financial sector.

The financial futures market has already attracted strong backing from UK and foreign institutions. The gold futures market, however, has met setbacks. Start-up—earlier planned for September—has been postponed indefinitely.

Rail unions face decision on action over pay

By John Lloyd, Labour Correspondent

RAIL UNIONS will face a decision next week on whether to take industrial action in support of the two-stage wage deal recommended earlier this month by the rail tribunal.

Mr Sid Weighell, general secretary of the largest rail union, the National Union of Railwaymen, said yesterday that he would have "one more try" at a meeting between the unions and British Rail on Monday. He hopes to secure the 8 per cent —backdated to April with a further 3 per cent from next month — without any productivity commitment.

Earlier, Mr Weighell, backed by the rail white collar union the Transport and Salaried Staffs Association, said the NUR would detail proposals on productivity improvements.

Sir Peter Parker, BR chairman, has insisted that the unions commit themselves to productivity talks before he asks the Government for an extra £40m to fund the three per cent second stage of the award.

N. Sea diving company agrees unionisation

By Our Aberdeen Correspondent

ONE OF the largest diving companies operating in the North Sea has agreed to trade union recognition in a breakthrough for union organisation in offshore oil fields.

The recognition agreement for divers employed by Comex Houlder aboard the semi-submersible emergency support vessel Uncle John is a major victory for the National Union of Seamen.

Comex Houlder, based in Aberdeen, is the first diving company operating in the UK sector to agree to union recognition. It will cover about 30 divers.

The company and the union have also agreed to approach the conciliation service ACAS to hold a ballot among the rest of the company's diving workforce, numbering about 120.

The union has recruited about 500 divers among diving companies with 400 of them in the big four North Sea diving companies of Comex, K. D. Marine, Sub Sea International and Oceaneering International.

The only other trade union agreement covering North Sea divers is in the Norwegian sector between Oceaneering and a Norwegian union for the multi-support vessel Phillips.

Lucrative future forecast for air freight business

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE OUTLOOK for the air freight industry through the 1980s is "tremendous," generating a big market for ground equipment and services amounting to £50m in addition to the value of the goods transported.

There will be few—if any—new types of all-cargo aircraft, however. The greatest proportion of all air cargo will continue to be carried in the belly-holds of the wide-bodied passenger jet airliners.

These conclusions emerge from a detailed study of the air cargo market, conducted for the Economist Intelligence Unit by Mr Roy Allen.

Its main conclusion is that air freight has become an increasingly important method of moving goods, with the tonnage having doubled over the past 10 years.

The study agrees with a forecast made by Boeing of the U.S., the world's biggest jet airliner builder, that air freight has a big potential.

The current level of world air cargo is about 6.6m tons. The International Air Transport Association forecasts an average annual rate of growth of between 6 and 11.8 per cent, according to region, with the lowest growth in Western Europe and the highest between Europe, the Middle East and West Africa.

One of the factors in favour of air cargo development is that the cost differences between it and various surface modes is often only marginal when other factors (such as cost of packing, capital tied up in inventory, and so on) are taken into consideration.

"Shippers are often converted to air freighting from surface methods because of highly effective marketing programmes on the part of the airlines," says Mr Allen.

Among areas of air freight waiting to be exploited, especially in Western Europe, is the small parcels service. "This has been a highly successful business in the U.S. and seems ripe for development in Europe," he says.

"Is is possible that the main impetus behind small parcels services in Europe will come from air freight forwarders, as they are very familiar with the documentation and handling of goods for onward movement.

"There are legal obstacles because of sweeping Post Office monopolies, but once these have been overcome the small parcels service could become one of the most important and rewarding air freighting operations in the EEC."

Mr Allen also suggests that the need for investment in ground handling equipment will be immense.

COMPANY NOTICES

هكذا من الأصل

ADVERTISING & MARKETING

BY MICHAEL THOMPSON-NOEL

AFTER THE WEDDING, DAVID CHURCHILL LOOKS AT UK JEWELLERY SALES

A novel way to a woman's heart . . .

ELIZABETH DUKE may eventually turn out to be a more significant name than Lady Diana Spencer for the retail jewellery trade. While the royal wedding has, according to most jewellers, sparked off a noticeable surge in interest in engagement and wedding rings, the effect is expected only to be temporary.

Elizabeth Duke, however, is the brand name for a new range of jewellery boutiques that have been opened over the past year by the Argos discount stores chain. The 26th such shop-within-a-shop will open in Croydon later this month, and a further 12 are planned by the end of the year.

Argos has achieved this rapid growth by ruthless price cutting and aggressive merchandising in an area traditionally dominated by safe and solid multiple chains like H. Samuel, James Walker, and Ratners, as well as several thousand small independent jewellers.

Change overdue

Within a year, Argos claims to have become the fourth-largest retail jeweller (after those three multiples) with an annual turnover from jewellery and related products of more than £30m. If it continues to grow at such a rapid rate, it will undoubtedly help bring about radical changes in the way the consumer buys jewellery in Britain.

Such changes are probably long overdue.

Unlike most other retail sectors that have experienced rapid change over the past decade, the retail jewellery trade has until now resisted most merchandising innovations.

This lack of change has been due to several factors, including the heavy seasonal bias—half of all jewellery is sold in the three-month run-up to Christmas—and the slow turnaround in stocks over the rest of the year.

In addition, market research has shown that consumers are not experienced in buying jewellery in the same way as they are, for example, in buying electrical goods. A Mintel survey last year found that 56 per cent of all adults had not bought any jewellery in the previous 12 months, and that 70 per cent of purchases that were made were not for use by the purchaser.

Stockbrokers Capel-Cure Myers, in a new research report on the jewellery business, suggests that "the picture which emerges is one of a market where consumers are particularly unfamiliar with the distribution trade — a powerful reason, allied to the difficulty in assessing merchandise value, for consumer conservatism and the solid market for the old-established jewellers with a long-standing reputation."

Although these factors are partly the reason for the lack of change in the business, the brokers also believe that one is forced to the conclusion that the strong financial position of most operators has militated against the adoption of more aggressive attitudes.

The inherent conservatism in selling jewellery has meant that, in spite of the existence of multiple chains like H. Samuel and James Walker, the trade is still dominated by small independent retailers.

Out of the 7,000 or so retail jewellery outlets in the UK, only a little under 1,000 are in the hands of multiple chains. However, the top three multiples account for about a quarter of all retail jewellers' sales (estimated at around £600m last year) and the share of trade for all multiples is about 37 per cent.

Like other areas of retail trade, the multiples have steadily increased their share of business over the past decade—from 28 per cent in 1971 to 37 per cent last year.

However, the multiples' growth in jewellery is less than in most other areas of retailing.

The upheaval threatened by brash newcomers such as Argos's Elizabeth Duke has as its catalyst the fluctuations in gold and silver prices over the past 18 months, but also reflects more fundamental changes in consumer buying habits over the past few years.

Uncertainty

The speed and severity of the gold and silver price rush in late 1979 and early 1980 gave jewellers little chance to adapt themselves gradually. Manufacturers found that they could not afford to replace their gold and silver stocks without passing on the price rises to the retailer, who in turn was uncertain how the consumer would react. Retailers responded by not ordering new stocks, and allowing their existing stocks to be run down.

Although gold and silver prices have declined considerably from their peaks of early 1980, they still remain at a relatively high level, so that retailers have been reluctant to build up stocks, which has had widespread repercussions among jewellery manufacturers.

Brisk business at the Elizabeth Duke jewellery boutique within the Argos discount store in London's Tottenham Court Road. The chain's weekly sales are running at more than double the level of a year ago, aided by vigorous price-cutting and merchandising

At the same as the hiatus caused by rising precious metal prices, so the UK's recession worsened, and consumers became more cautious in their spending, especially on luxury items like jewellery. Capel-Cure Myers suggest that the 1980 slump only accelerated a discernible trend in recent years, with consumers spending less of their disposable income on jewellery and related products like clocks and watches.

The brokers also believe that fewer consumers are buying jewellery as an investment, discouraged, as they have been, by fluctuating metal prices, the increased crime rate, and the rising cost of insurance premia.

But consumer demand is also slowly changing in other ways, helping to bring about definite changes in the retail market. For example, there is some evidence to suggest that younger age groups are buying more jewellery as the older age groups buy less, and that they are less willing to buy from the traditional, rather old-fashioned, High Street outlets.

There is also a marked trend towards buying jewellery as a fashion accessory rather than as investment. This emphasis on fashion is shown by the trend towards personalised jewellery—necklaces carrying the wearer's name, for instance—and matching engagement and wedding ring sets.

CONSUMER EXPENDITURE ON JEWELLERY AND WATCHES

	Consumer Expenditure Jewellery (£m)	Clocks watches (£m)	Total (£m)	Retail Sales by jewellers (£m)
1975	400	160	560	400
1976	430	170	600	420
1977	500	200	700	470
1978	570	220	790	520
1979	650	225	875	620
1980	620	230	850	600
Compound growth (per cent) ...	+9	+7½	+9	+8¼

Source: Business Monitor, Mintel, and CCM estimates.

The fashion trend, allied to the rise in raw material prices, has meant that jewellery is increasingly lighter both in design and grade (down to nine carats).

Into the fluid market situation of 1980 came the Argos chain. Argos had sold jewellery through its catalogues for some time, but its products suffered by being associated with garden tools and electric mixers. Aware of the growing trend towards fashion jewellery, Argos decided in June last year to experiment with a shop-within-a-shop selling jewellery.

To give the jewellery boutiques an up-market image, Argos called them Elizabeth Duke—the maiden name of the wife of Richard Tompkins, Argos's founder.

Argos also believed that its policy of allowing customers to choose their goods from either a catalogue or display unit was attractive to younger jewellery buyers who were put off buying from traditional High Street shops.

Although Argos quickly discovered that it had tapped a new market, its sales really took off earlier this year when it launched a vigorous price-cutting promotion on jewellery. Chairman Tom McAuliffe explains that Argos was able to secure special deals from jewellery manufacturers, themselves desperate for any business to maintain production. ((Traditional jewellers were still reluctant to re-order stock because of the recession).

Booming sales

The result was that at a time when the jewellery market was depressed—and retail sales in general still gloomy—Argos has enjoyed booming sales for jewellery over the past few months. Weekly sales figures are running at more than double the level of a year ago.

Mr McAuliffe also points out that jewellery profit margins—even at reduced price levels—are much higher than for many other Argos products. And he admits that competition in the retail jewellery market is a lot easier than in areas like electrical goods, where rivalry is especially fierce.

Capel-Cure reports that the traditional retail jeweller is sceptical about the success of Argos and other new entrants. But it believes that, at the very least, consumer interest and demand for jewellery should be enhanced by the emergence of alternative marketing methods.

The brokers suspect that the traditional operators, shielded from aggressive competition in the past by high margins and strong property backing, may retaliate by adopting more modern merchandising methods. These could well include greater use of credit facilities, more promotions and advertising, and renewed emphasis on shop displays and the sales environment.

Newer marketing techniques, adopted both by traditional outlets and newcomers such as Argos, are likely to draw new customers into the jewellery-buying market. But there is also little doubt that the effect on retail jewellery trade will see the same structural changes as in retailing generally, with the multiples growing at the expense of the small independents.

ITV revenue of £672m forecast

DESPITE FOREGOING an estimated £750,000 in network revenue during yesterday's transmission of the wedding, ITV still has plenty to celebrate, not least an agency forecast that total gross revenue on ITV this year will total £672m, an 8 per cent increase on 1980's strike inflated total.

The forecast is from Young & Rubicam, and is notable because it reflects a distinct upward revision of ITV revenues on Y&R's behalf.

Previously, the agency had been forecasting only modest increases in revenue this summer, and an overall year-on-year gain of only 5 per cent.

But ITV revenue in May, at £61m, showed a 12 per cent gain on 1980 (the same monthly percentage increase as in April), and although June was only 1 per cent up, at £50.5m, it is now apparent, says the agency, "that the third quarter (of the current year) will register an increase of around 14 per cent compared with 1980." It is forecasting similar growth for the final quarter of the year.

Says Y&R: "Though estimating revenue for television continues to prove extremely difficult, mainly because of extensive late commitment of funds, it is evident that the medium's expenditure levels have held up well during the recession."

But it stresses that ITV will continue to face severe financial problems, partly because of esclating operating and production costs, partly because of the strain expected from funding the Fourth Channel.

Morning after

THOSE CLEVER souls at Perrier, which claims out-and-out brand leadership in global mineral water sales, have come up with their own post-wedding coup: the UK launch of a second major brand of naturally sparkling water, called Vichy Saint-Yorre.

It is both naturally sparkling and naturally alkaline, and in France—it is bottled at source—is second only to Perrier, with a claimed 31 per cent of sparkling water sales.

In Britain it will be aimed primarily at London and the Home Counties. It will be sold via Bulmer's sales force, backed by a three-month campaign scheduled for the autumn.

As for the great god Perirer, the latest audited year-on-year figures, the company says, show that sales rose by 52 per cent in the 12 months to May, and that the brand's volume accounts for 51 per cent of total UK mineral water volume in a market worth an estimated £20m.

Not that that will do for Julian Bowes, Perrier's UK chief executive. He says the market is still in infancy, with per capita consumption still less than half a litre, against a quoted 50 litres on the Continent.

All that will change, he says, "Within 10 years we are likely to see UK per capita consumption at five litres per head, producing sales of 1m bottles daily — closely paralleling the present consumption of wine."

Etcetera

Nocturnal brew

MARKETING IS marketing, and production is production, and only rarely do they meet. New products are usually created by research or inspiration—seldom by acumen—which is why the September launch of Batchelor's Cup-a-Time is specially interesting.

Cup-a-Time is a follow-up to Cup-a-Soup, which has over a third of the £35m packet soup market, and of Slim-a-Soup, which has over four-fifths of the instant soup trade. A great attraction of the new product is that it can use the same production line as its illustrious predecessors, virtually eliminating manufacturing investment and allowing Batchelor's, the quiet Unilever subsidiary, to make a profit on it within a year or so.

The second worthwhile thing about Cup-a-Time is that it competes head-on with three very entrenched brands. It is a night-time drink with three flavours—one aimed at Cadbury's Drinking Chocolate, another at Ovaltine, a third at Horlicks. The sector is worth £45m, and because of heavy advertising and re-packaging, is growing by an estimated 10 per cent a year.

Cup-a-Time has produced Batchelor's best-ever test results, and the company, which is currently investing £13m in its main loss-making area, canned vegetables, is boosting it with a £2m campaign this winter.

International Appointments

THE ROYAL BANK OF CANADA

Regional Representatives

Middle East/Africa

These posts will interest experienced international bankers, 25-35, who have operated in the Middle East and African markets and who require roles of substantial responsibility for area control and development.

The Royal Bank of Canada, Canada's leading international bank, is expanding its operations in these regions and requires regional representatives who combine technical and marketing skills to supervise country analysis, to approve and recommend substantial and complex loan proposals, and to foster business relations in the field with governments, agencies, correspondent banks and key corporations.

In making our selection for these posts we will rate proven experience – of trade financing, syndicated loans and foreign exchange dealings in the areas concerned – above formal qualifications, seeking people who will maintain our stringent standards of servicing and administration as well as creating business opportunities. Fluency in French will be necessary in some positions.

Initially based in London, the successful applicants must be prepared to relocate to the Middle East or Africa in due course.

Prospects are excellent with the Royal Bank, which is the fourth largest bank in North America with financial interests in over 100 subsidiaries and affiliates throughout the world.

Please forward your resumé in confidence to: Mr. J. B. Reynolds, Manager, Corporate Personnel Services, Europe, Middle East & Africa, The Royal Bank of Canada, 2 Palace Gate, London W8 5NF.

MANAGEMENT ACCOUNTANTS

c. £17,000* + House + Car

Anglovaal, a leading South African mining and industrial group, seeks an A.C.M.A. or C.A. for the newly created post of Management Accountant at one of its gold mines located some 175 miles from Johannesburg. Aged 35 or over, he will have substantial industrial experience and will be able to operate effectively at senior level.

He will not be involved in routine accounting matters, but will be interpreting figures in order to support technical departments and to improve mine profitability. He will himself determine subjects which require investigation and analysis, and will also contribute to the development of a modern management information system.

This senior position attracts a substantial remuneration package, which includes medical aid and pension fund schemes. Consequently, it will provide a high level of disposable income, and a considerable opportunity for saving.

For another position of the same seniority, we are interested in a man who would focus his whole attention on developing Management Information Systems for the mining division as a whole, and who consequently will have substantial experience in this field.

We also seek more recently qualified Management Accountants for:
- ★ other mines in the Group
- ★ Systems Development Work

Although these are less senior positions, salaries will be attractive and negotiable.

South Africa offers a very high standard of living at lower cost — VAT is only 4%, and educational, sporting and recreational facilities are excellent.

Please send a detailed C.V., in strict confidence, quoting Ref. 203, to: Hunter Personnel (UK) Limited, 49 London Road, Sevenoaks, Kent. TN1 1SA. Tel: (0732) 54307.

*Converted at £1 = R1.74 as at 17th July 1981.

Anglo-Transvaal Consolidated Investment Company, Limited

Management consultants for the Middle East

We are one of the largest British and international consulting organisations with offices throughout the world. Our successful and growing practice in the Middle East provides a wide range of management and economic consultancy services to government, private sector and international clients in the region.

To meet growing demand we now require senior consultants of exceptional ability and experience to lead projects and to help develop our consultancy services in the fields of financial appraisal, financial planning and control systems and computer development. Successful candidates will probably hold a British or American accounting qualification, be aged between 30 and 40, be fluent in both Arabic and English and have substantial commercial or industrial experience of management accounting and computerised accounting systems.

You would either be based in the Middle East or would work for long periods on assignments in the area. The package is generous with excellent scope for capital accumulation.

Resumés including a daytime telephone number to E J Robins, Executive Selection Division, Ref. RF90/15.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House Noble Street
London EC2V 7DQ

INDUSTRIAL DEVELOPMENT ANALYST
SAUDI ARABIA
£18,000 tax free plus many extras

Ten years business/economic research or project analysis experience are required by this well-known international oil company. This challenging position will involve the successful candidate in developing the survey methods, conducting the study, and then making relevant recommendations to other managerial personnel.

For further details and a confidential discussion telephone

Christopher D. Stock on 01-481 8111

BANKING & ACCOUNTANCY PERSONNEL SELECTION

Lloyds Avenue House, 6 Lloyds Avenue, London EC3N 3ES. TELEPHONE: 01-481 8111.

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member organisations, not individuals, relating to employment of expatriates and nationals worldwide.

01-637 7604

Scotiatrust

Vacancies for Experienced Administrators

We invite applications from experienced Bank Officers with a minimum of ten years Trustee Banking experience who hold the Institute of Bankers Trustee or Banking diploma, ACIS, or similar qualification and preferably some offshore international financial experience. Successful candidates will assume management positions with responsibility for a wide range of trust and corporate duties.

We offer competitive salaries in excess of the equivalent of £15,000 p.a., tax free, together with other fringe benefits including pension fund, group life insurance and medical plans, and four weeks annual leave together with air fares paid to the U.K.

Interviews will be arranged in London or other cities if necessary but in the first instance applications to include full details of qualifications and previous experience should be addressed by air mail to The Chief Accountant, The Bank of Nova Scotia Trust Company (Bahamas) Limited, P.O. Box N 3016, Nassau, Bahamas.

SULTANATE OF OMAN

DIRECTORATE GENERAL OF FINANCE
P.O. BOX 506
MUSCAT / SULTANATE OF OMAN

SENIOR ANALYST/PROGRAMMER

OFFERED:

Tax-free package comprising: free furnished accommodation — annual return air passage to home town — 48 days' annual leave — utility allowances — gratuity (minimum two years' service) — one-year contract (renewable).
Salary negotiable.

REQUIREMENTS:

(1) BACKGROUND:

Degree standard education or equivalent. Ability to train and supervise. Adaptable personality including ability to work with first-time users. Facility in Arabic langauge a big advantage.

(2) EXPERIENCE:

Minimum five years IBM 370/4300. DOS/VS(E). Power, CICS. 3270 IDS. Extensive COBOL. Wide experience of ON-LINE application and IBM competitors software and plug-compatible peripheral equipment, particularly terminals.

The Directorate General of Finance has an IBM 370/115 running under DOS/VS. It was installed in early 1978 and upgraded in mid-1980 to take CICS/VS and the 3270 IDS. Due to expanding T/P applications a 4331 model 2 and more terminals are due for installation in early 1982. An experienced professional is needed to assist in maintaining the systems development momentum. Longer-term future, acquisitions of hardware will not necessarily be of IBM manufacture and the introduction of plug compatible equipment is likely.

Educational/experience certificates are required.

NB: ONLY A COPY OF THE APPLICANT'S LETTER SHOULD BE SENT TO:

Mr. H. H. K. Al-Hassani
Diplomatic Attache
Embassy of the Sultanate of Oman
64 Ennismore Gardens
London SW7

SPRAGUE EUROPE

Group Accountant

For the European Headquarters of an American multi-national organisation, located on the Swiss/French border near Geneva.
Reporting to the Manager of Finance Europe, you will be responsible for:

a) Foreign Currency Exposure Management
b) Consolidations, budgets and re-forecasts
c) Financial Analysis of European results
d) Treasury functions
e) Management and Statutory reporting and other related accounting functions

The successful applicant will be a qualified accountant in the late twenties/early thirties, whose experience includes the use of computerised accounting systems. French and/or German would be useful.

Salary negotiable.

Please send detailed CV with photograph to:

SPRAGUE
THE MARK OF RELIABILITY

C. PATTESON
Sprague Europe GIE
13, Chemin du Levant
01210 Ferney-Voltaire
France.

KW

Experienced Currency Deposit Broker

required for position overseas.
Please write or telephone in confidence to:

MRS. M. E. WALSH.
KIRKLAND-WHITTAKER GROUP LTD.,
67 CHISWELL STREET, LONDON EC1Y 4XX. 01-638 9354

Funds Management Controller

Bahrain — Tax-free Salary

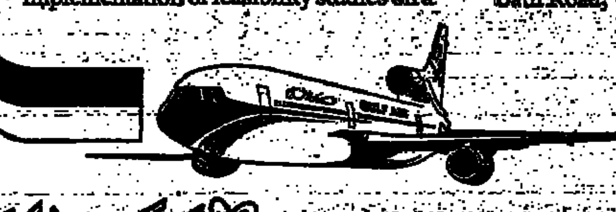
Gulf Air, the prestigious national airline of the Gulf States, have a highly rewarding opening for a Funds Management Controller in Bahrain, a progressive and stable part of the Gulf.

The successful applicant will plan and control the cash resources of the airline to ensure maximum utilisation of funds, developing sound corporate strategies to minimise tax obligations and risk of foreign exchange exposure. As well as in-depth negotiations with banks and other financial institutions, this will entail maintaining accurate records and forecasts of cash flow, and the preparation and implementation of feasibility studies on a variety of capital projects.

To join us you should be a qualified Accountant, ACA, ACCA or ACMA, and will ideally have had some banking experience.

We can offer an excellent tax-free salary, free furnished accommodation, passage paid UK leave and all the other generous overseas benefits to be expected of a successful international airline.

Please write, giving full career and personal details, quoting reference FMC 3, to the Personnel Controller UK & Europe, Gulf Air, Room 252, Excelsior Hotel, Bath Road, West Drayton, Middlesex.



GULF AIR

Foreign Exchange Traders

Northern Europe

The Chase Manhattan Bank NA, which has a substantial, worldwide Foreign Exchange network, is seeking Foreign Exchange Traders for the Northern European sector.

In line with continuing growth in this area we are looking for men or women with at least 2 years' successful trading experience and who are proficient in one or more of the Nordic languages.

After initial orientation, the successful candidates should be capable of becoming quickly integrated into highly professional teams and making a positive contribution to trading results.

A very competitive salary will be supported by the wide range of benefits you would expect from a major international bank.

Please write with a comprehensive c.v. to:
Janice Grant, The Chase Manhattan Bank NA,
Woolgate House, Coleman
Street, London EC2P 2HD.
Telephone: 01-600 6141.

CHASE

QUALIFIED ACCOUNTANTS

For expanding International Bank

London — to £12,000

Our client wishes to appoint two qualified accountants to its group accounts division. This division provides a coordinating financial control and information function for branches and operating locations in the UK and throughout the world.

Responsibilities will be broad and varied, including consolidation of management and financial information, participating in the continuing development of computerised accounting systems and the review and monitoring of the performance of operating units. Prospects for career development are excellent.

Applicants should be graduates with a UK accounting qualification, probably aged between 26 and 32. Experience should include substantial involvement with international bank accounting and financial control gained either within a bank or with a major firm of accountants. An additional language such as Urdu, Hindi or Arabic will be an asset.

Please send brief personal and career details, in confidence to Douglas G Mizon (Ref 391M) at the address below.

E&W Ernst & Whinney Management Consultants
57 Chiswell Street, London EC1Y 4SY

CHIEF ACCOUNTANT

c. £14,000

The Company is a successful private steel manufacturer, the autonomous subsidiary of a Canadian Group with annual turnover of £70m.

The successful candidate will be a qualified Chartered Accountant ideally aged between 27 and 32 with at least 3 years post qualifying experience, either in industry or with an international firm of Accountants. Whilst technical knowledge is important, proven ability to motivate staff and communicate effectively at all levels will be sought. Reporting to the Controller, the Chief Accountant will be responsible for all financial and management accounting. Primary responsibilities are the prompt preparation of monthly management accounts and statutory accounts. Internal control, liaison with auditors and product profitability analysis are other important features.

He or she will be supported by a small competent team with all mainstream accounting records computerised.

Please write or phone for an application form to:

Alan Edwards, Personnel Officer,
Sheerness Steel Company Ltd.,
Sheerness, Kent ME12 1TH.
Tel: Sheerness (0795) 663333 Ext. 265.

DOCUMENTARY CREDIT MANAGER
SAUDI ARABIA

A major financial institution in Saudi Arabia requires a manager for its documentary letters of credit department. Applicants should be bankers with a well founded knowledge and experience of all aspects of documentary credits. A generous salary will be paid commensurate with experience together with the usual benefits normally attaching to an overseas appointment.

Applications, which will be treated in the strictest confidence, should be addressed to:

Box A7587, Financial Times, 10 Cannon Street, EC4P 4BY.

UNIVERSITY APPOINTMENTS

UNIVERSITY OF THE WITWATERSRAND JOHANNESBURG
DEPARTMENT OF BUSINESS ECONOMICS
E. P. BRADLOW CHAIR OF BUSINESS ECONOMICS

Applications are invited from suitably qualified persons, regardless of sex, race, colour or national origin, for appointment to the above post. The Chair also carries the headship of the Department. The Department of Business Economics at present concentrates on the following four areas of teaching, study and research: Business Finance, Marketing, Labour Economics and Production Theory. The incumbent to the Chair would be free to change the emphasis of research in those fields and to introduce new ones if he so desires.

Duties are to be assumed as soon as possible.

Subject to University regulations, private consulting work is permitted.

The salary range attached to this post is R20 040-R28 250 per annum, plus a salary subvention of R5 000 per annum.

Intending applicants should obtain the information sheet relating to this post from the London Representative, University of the Witwatersrand, Chichester House, 278 High Holborn, London WC1V 7HE, with whom applications should be lodged not later than 10th August 1981.

APPOINTMENTS WANTED

CONTRACT ACCOUNTANT
SHORT/LONG TERM ASSIGNMENTS
South East preferably
Tel: 0279 [illegible]

هكذا من الأصل

TAX ADVISER

London **£12,000-£14,000 + Car**

Our client, a major multi-national, is the dynamic market leader in its field.

The international growth of the company over recent years has increased the scope and complexity of its tax affairs and consequently the group is looking to strengthen its highly skilled tax function. This handles its U.K., international and personal tax affairs and is concerned with consultancy and planning activities in addition to compliance work.

Applicants will be in their late 20's/early 30's and will have proven corporate tax experience gained either within industry/commerce or the Inland Revenue. They should have the personal skills necessary to communicate at all levels of management and demonstrate the potential to progress within the group.

For further information write enclosing a C.V. to Barbara Lord, M.Sc., 410 Strand, London WC2R 0NS, telephone 01-836 9501 quoting reference number 3328.

DOUGLAS LLAMBIAS DLA
Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants
and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

Financial Controller

Computer Software House

E.Anglia Attractive Salary+Car

Counting House Computer Systems Ltd., based at Bury St. Edmunds, is concerned with the production and marketing of on line integrated business and technical systems together with a range of graphics terminals.

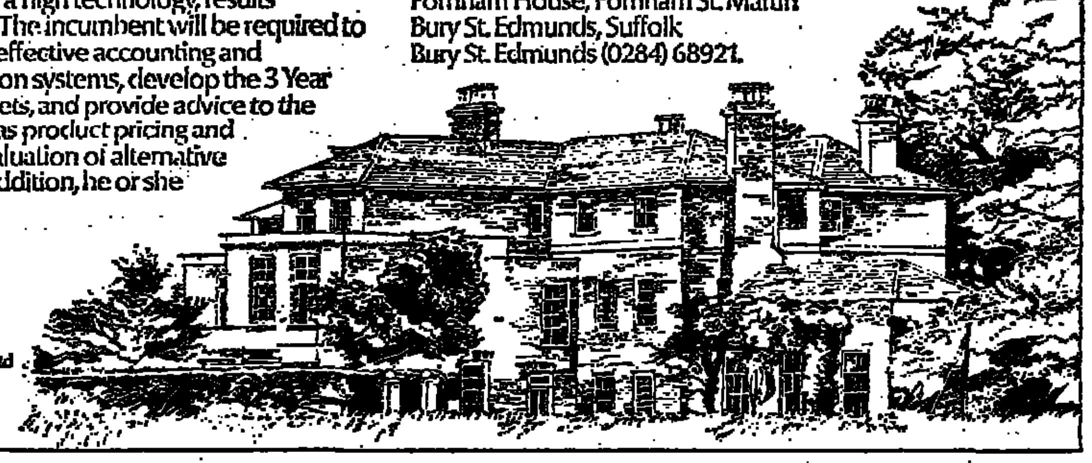
The Company is growing rapidly and now employs over 100 staff and has a turnover in excess of £2 million p.a. It is a subsidiary of Cope Allman International Ltd., a broadly based industrial holding company with interests in engineering, leisure, packaging and fashion.

Counting House now wishes to appoint a Financial Controller. This key position, reporting to the Managing Director, will be responsible for all aspects of financial planning and control in a high technology, results oriented environment. The incumbent will be required to establish and maintain effective accounting and management information systems, develop the 3 Year Business Plan and budgets, and provide advice to the Board on such matters as product pricing and profitability and the evaluation of alternative business strategies. In addition, he or she will have responsibility for the Company Purchasing function.

Applicants, who will probably be aged 35-45, will have already established and managed a financial planning and control activity within a progressive company. They will be achievers, capable of contributing to a young and energetic management team.

An attractive remuneration package will be negotiated with the successful applicant.

If you are interested please write to or telephone:
C.R.D. Whitfield
Counting House Computer Systems Ltd
Fornham House, Fornham St. Martin
Bury St. Edmunds, Suffolk
Bury St. Edmunds (0284) 68921.



Counting House Computer Systems Ltd

Career opportunity with substantial new enterprise . . .

PROJECT ACCOUNTANT

London **Mid-late 20's** **c. £13,000 p.a.**

The newly established Channel Four Television Company plans to commence operations in the Autumn of 1982 and a Project Accountant is being sought as part of the finance team.

The initial task is responsibility for the financial management and cost control of a major project involving expenditure of approximately £6 million, encompassing the re-development of offices and television studio facilities. Additionally, the appointee will work closely with the Financial Controller in the development of the finance function, leading to a line appointment within the company.

Candidates should be qualified accountants aged in their mid to late 20's seeking to develop their career from a sound base of experience in commerce/industry. In addition to accounting skills, the ability to communicate effectively with others is of prime importance.

Written applications containing relevant information should be directed, in confidence, to Anthony J. Forsyth, B.Sc., at 410 Strand, London WC2R 0NS, telephone 01-836 9501 quoting reference number 3330.

DOUGLAS LLAMBIAS DLA
Douglas Llambias Associates Ltd.
Accountancy and Management Recruitment Consultants
and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

ACCOUNTANTS

ACA, ICMA, ACCA, ACMA

QUALIFIED &
PART QUALIFIED

Wide range industry and commerce vacancies—all areas.

Contact: John Hazell,
BIS Career Point.
71 Oxford Street. W1.
Tel: 01-439 0376.

REGIONAL DIRECTOR

REQUIRED FOR
FAST FOOD CHAIN

The Candidate will have a proven sales and marketing background. Qualification shares offered. Submit full curriculum vitae in the first instance to:—

The Managing Director.
Cameron Technical
Developments Ltd.
Dolphin House, Wick Lane,
Christchurch, Dorset.

Finance Director

This large successful company serving the building and allied industries is embarking on further diversification at home and overseas. The company forms an important part of one of Britain's foremost industrial groups.

In addition to the overall financial direction of a network of profit centres, the role is to work closely with the managing director in appraising potential acquisitions and integrating new operations into the company.

- A CHARTERED ACCOUNTANT is required with a successful record in financial appraisal and acquisitions in an international context. A career developed in a wholesale distribution environment using advanced computer systems is the most appropriate.

- SALARY for discussion around £25,000. Preferred age around forty-five. Base, Yorkshire.

Write in complete confidence to G. W. Elms as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

Corporate Finance

Recently Qualified Accountant

Central London **c. £10,500 + benefits**

A major financial institution seeks an ambitious qualified accountant (preferably a graduate aged mid 20's) to join its highly respected investment department and work in a small team which monitors a portfolio of medium size quoted companies and provides development capital to a variety of unlisted companies.

The main tasks will be to identify and evaluate new opportunities and review existing investments. Previous experience is not essential but you will need commercial awareness and strong communicative skills to work with senior executives in the group and its portfolio of companies.

Prospects for career development are wide-ranging and with a negotiable salary, low cost mortgage and non-contributory pension scheme, this is an exceptional opportunity to gain experience in corporate finance.

Contact David Tod, BSc, FCA, on 01-405 3499, quoting reference DT/504/CFF.

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA *01-405 3499*

Lending Officer

An experienced banker with a proven record in marketing credit facilities to U.K. based commercial and industrial customers is being sought by an international bank who are expanding into this market. Salary and benefits are negotiable.

Eurobond Dealer

An opportunity to be involved at ground floor level in a recently established major Middle East bank with managing control of the bank's entire portfolio, mainly in Fixed Interest Securities. Salary c£15,000+.

Eurobond Settlements

(Joint number two)

A European bank's International division is urgently seeking an experienced person to complement the expansion and growth of their Eurobond Department. Salary c£11,000.

Foreign Exchange Dealer

With minimum of 2-3 years' experience preferably on Spot $/DM, $/SwFr is required to join an active dealing room of an International City based bank. Salary c£10,000.

TALK TO SHEILA JONES

OLD BROAD STREET BUREAU LIMITED
STAFF CONSULTANTS
109 OLD BROAD STREET LONDON EC2N 1AP 01-588 3991

Managing Director

HOUSE BUILDING *£25,000

Our Client is seeking an experienced house builder to be responsible for the profitable management of one of its regional companies.

Reporting to the Group Chief Executive the Managing Director will inherit a first class technical team and is expected to bring enthusiasm and financial acumen together with the personal qualities needed to direct and motivate this successful company.

* REWARDS: The remuneration package includes high basic salary with profit related bonus. A car is provided and there are other attractive benefits including relocation support to a very pleasant part of the country.

Applicants of either sex may apply in confidence. Ref. 829.

Hales & Hindmarsh Associates Ltd.
Century House, Jewry Street,
Winchester, Hampshire
☎ (0962) 62253
Recruitment and Selection Consultants

RH

INVESTMENT MANAGEMENT

Bahrain **Salary $50,000**

An extremely knowledgable and highly experienced banker is sought for the position of Investment Manager/Bahrain by this important international bank. The appointee, reporting to a Vice-President, will be responsible for the day to day management of the bank's portfolio of liquid investments. He will have had some exposure to marketing and a knowledge of the bond market.

LENDING OFFICER

London **Salary c. £20,000**

If you have broad experience in international banking with particular emphasis on corporate lending in the Southern American region, it is likely that this London based consortium bank would be interested in meeting you. The successful candidate for this appointment will probably be a graduate over thirty with a good command of one or two Latin American languages.

Lee House, London Wall, London EC2Y 5AS Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

Financial Manager

up to £15,000 + car

Our client, a distribution company selling exclusive consumer durable goods on a national basis, wish to appoint a Financial Manager who will be based at their London office following an introductory period at some of the parent company's European locations.

The Financial Manager will report to the Managing Director and be responsible for all *financial and accounting matters, the co-ordination of the company's EDP development* programme and personnel administration.

The successful candidate, preferably 29-32 years of age will be a qualified accountant, with a minimum of 5 years post qualifying experience including the supervision of accounting staff and the use of modern planning and budgeting procedures.

The commencing salary will be negotiated at up to £15,000 pa and a company car will be provided.

Candidates, male or female, can make application by quoting reference MCS/2123 and requesting a personal history form from Ashley S Phoenix, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

Finance Director

Harrogate **c.£12,000 plus bonus and car**

A fully qualified accountant with a wide breadth of management skills and experience is required for the post of Finance Director of Tankfreight Ltd., a subsidiary of the National Freight Company. Tankfreight, which has a turnover of approximately £21m operates a nationwide service of tanker vehicles and has considerable interests in bulk tank storage and in freight forwarding activities.

The Finance Director in addition to providing expert financial advice, and implementing effective accounting systems is a member of the Company Board, and contributes significantly to the ambitious, expansionist plans of the Company. The successful applicant, male or female, will need to have had considerable experience in the finance function, but will also be able to display the dynamic and creative qualities required in this developing business. An appointment to this position will give an opportunity for future promotion in either financial or general management within the whole of the National Freight Company, Britain's largest road haulage operator.

For further details and an application form, please contact:-
J. F. Gardiner, Personnel Manager,
National Freight Company Ltd.,
The Merton Centre, Bedford MK40 2UB.
Telephone: Bedford 67444 Ext. 295.

Tankfreight LIMITED

INVESTMENT ANALYST

The Standard Life Assurance Company has a vacancy for an experienced Investment Analyst at its Head Office in Edinburgh. The vacancy has arisen because of continued expansion of the Company's business.

The Standard Life is the largest Mutual Life Assurance Company in the European Community having invested funds in excess of 2,500 million pounds.

Ideally candidates should have a degree and/or a professional qualification.

Commencing salary will be based on qualifications and experience and there are generous employee benefit schemes including non-contributory pension and Life Assurance Scheme, Staff House Purchase Scheme, flexitime working, etc.

Please write or telephone for an application form to:—
J. M. Gibson, Assistant Staff Manager

Standard Life
3 GEORGE STREET EDINBURGH Tel. No. (031-225 7971)

INTERNATIONAL BANKING

F.X.: SENIOR/CHIEF DEALER .... to £18,000
F.X.: *CORPORATE ADVISER* (with bank F.X. background) .... to £17,500
U.K. LENDING OFFICER (graduate banker, c. 27, 3 years' credit experience) .... c. £10,000
SENIOR CREDIT ANALYST to head Credit Department .... to £13,000
CREDIT ANALYST: U.S. bank-trained graduate, for business development rôle ... to £13,000
CREDIT ANALYSTS (including one vacancy requiring knowledge of Spanish) £8-9,000
INTERNATIONAL AUDIT: ambitious young graduate bankers or AIBs for high-prestige high travel rôle .... £7-10,000+
LOAN/AGENCY ADMIN minimum 3 years' experience syndicated L/A .... £8,000+
EXPORT FINANCE: Junior Executive with knowledge of E.C.G.D. procedures..... to £8,000

For further details of these and other opportunities, please telephone David Little or Paul Trumble

Jonathan Wren & Co Ltd
Banking Appointments,
170 Bishopsgate, London EC2M 4LX.
Telephone: 01-623 1266

Young Management Accountant

An opportunity to gain first-hand experience

If you're an ambitious young management accountant (male or female), ideally with a degree though not necessarily yet completed your professional examinations, we would like to hear from you.

We're Babcock International, a worldwide organisation involved in the design, manufacture and erection of a wide range of engineering plant and the provision of related services. Our subsidiary companies, located in over 20 major industrial countries, generate a turnover in excess of £850 million. We currently have an opening in our Head Office team for a young accountant who wishes to gain first-hand experience in all aspects of management accounting in a Head Office environment, with the opportunity of progression into senior line management within the Group.

Appropriately, an attractive salary is offered. Please write, with personal details and experience, to:

Tony Foster, Group Management Accountant, Babcock International Limited, Cleveland House, St. James's Square, London SW1Y 4LN. Tel: 01-930 9766

Babcock International Ltd

New Ventures

This is a board appointment in a £35m company, to mastermind a vigorous acquisition policy.

- THE ROLE includes the identification, acquisition and subsequent management of businesses predominantly in the UK and most probably in the field of communications.
- A PROFESSIONAL or university qualification followed by corporate finance experience is desirable. An outstanding record in acquiring and managing companies in a consumer orientated sector is essential.
- REMUNERATION will start at £35,000. Preferred age middle thirties. Location London.

Write in complete confidence to N. C. Humphreys as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
21 AINSLIE PLACE EDINBURGH EH3 6AJ

FINANCE DIRECTOR

CHEF & BREWER

The company is the retailing arm of the Brewing and Retailing Division of Grand Metropolitan. It is the foremost licensed retailer in Britain managing its trading affairs through 19 operating companies who between them are responsible for over 1,600 public houses and a variety of other food and drink retail outlets.

The Finance Director would report to the Managing Director of Chef & Brewer and be accountable for financial strategy and planning, financial analysis and control, and the accounting, treasury, tax and audit functions. As a member of the board he is required to contribute generally to the trading performance of the company and to the development of overall corporate strategy and policies. A key relationship would be with the systems function in order to up-grade management information generally and financial information systems in particular.

A high level of financial professionalism gained in a large, complex and well managed company would be a prerequisite for the performance of the role. Ideally the successful candidate would be between 35 and 45 and have a good understanding of business in the retail sector. Remuneration will be commensurate with the seniority and considerable importance the company attaches to this appointment.

All replies will be treated in the strictest confidence and should be addressed to: The Corporate Consulting Group, 24 Buckingham Gate, LONDON SW1.

CCG
Corporate Consulting Group

Finance Manager

...with Financial Director potential

c. £14,500 + car: WINDSOR

Continental Can Company (UK) Ltd. is the UK division of the Continental Group Incorporated, the world's largest packaging company. We have established a small office in Windsor and now require an experienced financial analyst to be responsible for the complete and accurate reporting of the company's financial performance and projection, financial analysis on a project basis, insurance coverage and several treasury operations. He or she will report directly to the Director of Finance and will be of the necessary calibre to succeed to this position in one to two years.

Candidates must be fully qualified Accountants and may possess an MBA. They will be highly motivated and able to accept considerable responsibility in a short time. Thus they will need to have at least 10 years' experience in areas of varying financial responsibility, with some of this time spent in a U.S. company environment.

In addition to the quoted salary and car, a benefits package appropriate to a large, multi-national company applies.

Please send full written details to:

P. D. Wickens,
Director of Human Resources,
Continental Can Company (UK) Ltd.,
Coburg House, Sheet Street,
Windsor, Berks SL4 1BG.

Continental

Recently Qualified

Central London

to £11,000 + car + excellent benefits

As the first appointment after qualifying, a new opening now available within a well-known, highly successful British group offers excellent, varied experience in an international environment.

The position has been created to assist the Financial Director of a division whose diverse activities include investment, trading and manufacturing. The successful applicant will be involved with all aspects of financial reporting, budgeting and forward planning and can expect increasing responsibility and exposure to executive management.

There will be occasional opportunities for overseas travel.

Please write in confidence, quoting ref: FT/203, with full personal and career details and provide day and evening contact telephone numbers which will be used with discretion.

JPW
Recruitment Advertising
36 Wellington Street, London WC2E 7BD

Property Development

Private Investment Group

A private investment group requires a Development Surveyor to head a new property division. The post will encompass the management of the portfolio of a multi-million pound pension fund presently invested in a wide spread of commercial, retail, industrial and agricultural properties. It will also involve the supervision of a small but rapidly expanding private portfolio of property interests. In each case it is the intention to proceed both by the acquisition of developed properties and by initiating the group's own development schemes. There is a substantial commitment to expansion in real terms in the ten-year plan.

Candidates will be in their thirties, preferably chartered surveyors, with wide experience of site acquisition and development in which their own commercial judgment has been successfully proved. This experience may have been gained in the profession, a property company, pension fund, insurance company or other institution. The salary will be in excess of £20,000 with car and non-contributory pension. Location London West End.

Candidates should apply in strict confidence, giving details of age, experience, qualifications and present salary, quoting Ref: FI/721 to:

CB-Linnell Limited
7 College Street, Nottingham
MANAGEMENT SELECTION CONSULTANTS
NOTTINGHAM · LONDON

MANAGEMENT OPPORTUNITY

CORPORATE AUDIT

Central Southern England **c. £13,000 + Co. CAR**

Our client, a multi-national high technology corporation, is a world leader in telecommunication systems.

A large number of main frames and mini computers are used throughout the business and are fully accepted as an important tool of management. The internal audit unit, which is part of the corporate staff, has a wide ranging responsibility to the Executive Management Committee to report on the quality and suitability of business control systems.

Candidates who will probably, but not necessarily, be qualified accountants, should have at least 2 years senior auditing experience in the profession or the internal unit of a major corporation. In addition, candidates should be able to demonstrate successful line responsibility for an accounting department because this position is seen as an assignment prior to taking up a management appointment in one of the subsidiary companies. Salary is negotiable, there is an attractive re-location scheme where appropriate, and a large company benefit package.

In the first instance, contact Bruce Crammond on 01-353 8201 or write to:

A&A Consultants Limited
International Management & Recruitment
47 Essex Street London WC2R 3JF
Telephone 01-353 8201

Our clients are equal opportunity employers

Venture Capitalist

Venture Founders Limited

Our client is a young Venture Capital Investment Company which seeks out, works with and channels equity capital to entrepreneurs developing their operations. These funds have been provided by a group of institutional and corporate investors whose objective is long-term capital gains. Venture Founders' growth now requires the appointment of an additional member of their professional staff.

His/her role will be to help entrepreneurs analyse their business and to provide guidance in the development and implementation of the business plan.

Candidates should be numerate and creative, preferably graduates, with a background in finance, marketing, or technology. An MBA, though not essential, would be of advantage. Most importantly, they must demonstrate solid accomplishment in their field, and be able to make a significant contribution to small, exciting commercial environments.

Age 27-34. Location, Banbury, Oxon. Salary – £12,000 plus car.

Please reply, in complete confidence, quoting Ref 1232, to Mike Hann, who is advising on this appointment.

AAD
One Old Bond Street,
London W1X 3TD.
01-499 8811.
THE ADVERTISED APPOINTMENTS DIVISION OF ODGERS AND CO

Accountant to the Group

c. £10,000 + Car **Surrey**

Our clients are part of a large group providing environmental services to industry, commerce and the public sectors, with a turnover of £40 million.

They are currently seeking someone to manage their computerised accounts department which is responsible for sales ledger, financial accounts and all other aspects of the Company's accounting procedures.

As well as dealing with financial reports to the Board the key aspect of the job will be to contribute to the profitability of the Company.

Aged 30 to 40 you must have a recognised accountancy qualification and practical experience of budgetary control systems and current cost accounting. It is essential that you have proven man-management and communication skills as the efficiency of your department will be influenced by your ability to effectively manage and motivate staff.

A negotiable salary will reflect the importance of this senior management role and is offered together with a company car, pension and private health insurance.

Please write with Curriculum Vitae to
Aubrey Magill,
PER, 4-5 Grosvenor Place,
London SW1X 7SB.

Applications are welcome from both men and women

PER Executive Selection

Investment Assistant

Life Assurance Office

A vacancy has arisen in the investment department of a long established and fast expanding mutual life assurance office.

A basic responsibility of the job will be to provide assistance with the day-to-day management of the Gilt Portfolio. In addition there will be the opportunity to assist with the development of other aspects of investment operations, which might include investment performance measurement, currency monitoring and the introduction of computerised investment systems. The successful applicant is likely to be a graduate in his or her twenties and to have had at least a year's experience in the investment department of an insurance company, pension fund, or other financial institution.

Salary will be commensurate with experience, and generous mortgage assistance will be available. Applicants should write, in confidence with personal details and career history to:–

Position No MA331, Robert Marshall Advertising Limited, 44 Wellington Street, London WC2E 7DJ. Please list separately any companies in which you are not interested.

Robert Marshall Advertising Limited

PARTNER

Specialising in Pension Fund Work

A large and prestigious firm of solicitors in Central London seeks a person to undertake the establishment of a Pension Fund Department.

Although the successful applicant will be very knowledgeable and competent in this field, he or she will also have management ability and a capacity for creative thinking and decisive action.

The person appointed will be offered an immediate or very early partnership and will receive a substantial income combined with an opportunity for a challenging and fulfilling career.

Please write to A. M. Mallett quoting reference 998/F.T. on both envelope and letter. Include on a separate sheet the names of any firms to whom we may not forward your application.

Deloitte Haskins & Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

PANMURE GORDON & CO.

Gilt Executive

We are seeking an institutional gilt account representative. This is an additional appointment in our expanding department.

Experience essential and a professional qualification preferred but enthusiasm and general acumen are essential ingredients of the position.

Prospects for promotion excellent and remuneration fully commensurate.

Please write with brief c.v. to:

R. M. S. Parsons,
9 Moorfields Highwalk, London EC2Y 9DS

Group Accountant

NORTH LONDON **c. £11,000 + CAR**

The company is the centralised management services arm of a rapidly-expanding group. Brengreen is publicly listed and succeeds in the service industry through dynamic management.

This is an exciting opportunity for an accountant with some post-qualification experience to join a small team of enthusiastic professionals.

The new team member will have the initiative to develop controls over accounting and cash systems to ensure statutory compliance, will have the ability to stimulate effective communication with both senior management and subsidiary accountants and will have the competence to participate in projects such as acquisitions.

Please contact the Personnel Manager

BRENGREEN GROUP
233, High Street, Waltham Cross, Herts.
Telephone: Waltham Cross 29757

TECHNOLOGY

EDITED BY ALAN CANE

David Fishlock reports on **RECOVER**—the latest technique in weapon surveillance

Dial an interrogation to avoid nuclear proliferation

NUCLEAR INSPECTORS with the International Atomic Energy Agency, custodians of the Non-Proliferation Treaty and its safeguards against the proliferation of nuclear weapons, can now perform certain inspections by telephone.

From Vienna they can interrogate a nuclear factory or reactor as far away as Japan, and check, for example, whether anyone has interfered with the seals they affixed on their last visit. They can also verify that surveillance equipment such as cameras and TV recorders is working correctly.

The project, called Recover (remote continual verification), is designed to save some of the legwork now necessary by the IAEA's 130-odd inspectors. By the end of 1980 this team had brought 774 nuclear facilities under safeguards, an increase of 74 on the year before.

The tally of nuclear explosive under safeguards was some 5 tonnes of pure plutonium, plus another 78 tonnes of plutonium *in spent fuel*, together with 13 tonnes of highly enriched uranium.

Recover, an American concept, is already being tested on facilities in Britain, the U.S., Canada, Australia and elsewhere, even behind the Iron Curtain, in Bulgaria. The results of a check—such as the number encoded into a fibre-optic seal—can be read out and even displayed to the man in Vienna via a TV monitor.

Recover is just one example of a remarkably sophisticated range of surveillance apparatus being developed by member-states of the IAEA to ease the task of the nuclear inspectors and to tighten safeguards' regimes, as the number of safeguarded installations burgeons. This equipment, is required to meet unusually high standards of reliability and resistance to tampering before the IAEA will invest in its purchase.

The agency's general-purpose seal, which inspectors fix to such plant as reactors to ensure no unauthorised entry in between *their visits, is* a standard metallic U.S. Customs seal. Last year the IAEA was installing these seals at the rate of 600 a month.

To the agency's chagrin, a U.S. Government laboratory has succeeded in opening and resealing such a seal, however. This led to the development of new tamper-proof seals such as the fibre-optic seal with its integral code which would be destroyed by any serious attempt to "break" it.

Workload

The workhorse of surveillance equipment is the standard 8 mm double camera, of the kind the inspectors wished to install on Iraq's research reactor, to detect any attempt to interfere with its core in between their planned fortnightly visits, once the reactor was working. It comprises twin Minolta XL 401 Super 8 mm film cameras, each having its own quartz timer, boxed in a tamper-proof containment.

The camera has a capacity of 7,200 frames—enough to last 100 days at a rate of one frame every 20 minutes. It costs about US$1,500. Such cameras took 6m pictures last year, a formidable workload for the agency in scrutinising them for tell-tale signs of activity. At its laboratories in Luxembourg it has recently brought into service a film scanner designed to search film at high speed for evidence of movement between one frame and the next.

The film is projected by video camera and the video signal analysed by a motion detector. Just those frames which show signs of motion are then auto*matically recorded on a video* disc, for scrutiny by the inspectors themselves.

Instead of film cameras, closed-circuit TV can be used —when continuous surveillance is required, or when the radiation level is high enough to damage film, or when the recording has to be examined on the spot. Again, CCTV frames are recorded at intervals on a video tape recorder, and played back through a monitor for the inspectors' scrutiny. A dozen of these CCTV systems has been installed so far.

The technique has been taken an important step further with the development of a console which the inspectors can use to monitor simultaneously *several TV images—by night,* too, if need be.

Another kind of camera has been developed for surveillance of the "swimming pool" type of research reactor (such as Iraq's). It records and measures Cherenkov radiation, the beautiful soft blue glow (named after the Russian scientist who first observed it) that can be seen in the cooling water surrounding the core of a "critical" or operating reactor. It is the radiation emitted when a charged particle moves at a speed greater than the speed of light through the water.

The blue glow fades once the reactor is shut down. But with the help of special image *intensifiers or night-vision aids* a faint glow ~~can still be seen~~ a decade after the reactor has ceased operation.

This kind of camera affords a sensitive way of verifying the character of spent fuel in storage ponds, and of determining the number of fuel elements present.

Thus the Cherenkov camera is semi-quantitive. Truly precise measurement of amounts of *such materials as plutonium or* highly enriched uranium requires lengthy analysis. It is also destructive and may well be resisted, at least on new fuel assemblies costing about $100,000 apiece.

Britain is collaborating closely with the IAEA in the introduction of a new non-destructive method of measuring the amount of plutonium present in nuclear fuel. This is the high-level neutron coincidence counter (HLNCC).

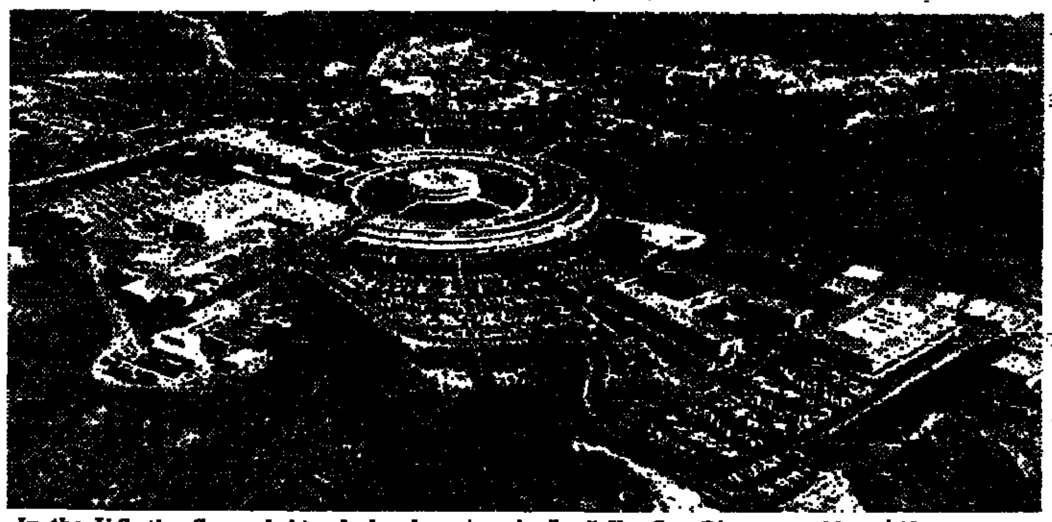
Collaboration

The HLNCC measures the neutrons released by the spontaneous fission of certain isotypes of plutonium, or the induced fission of uranium-235 or uranium-233—both nuclear explosives when highly enriched.

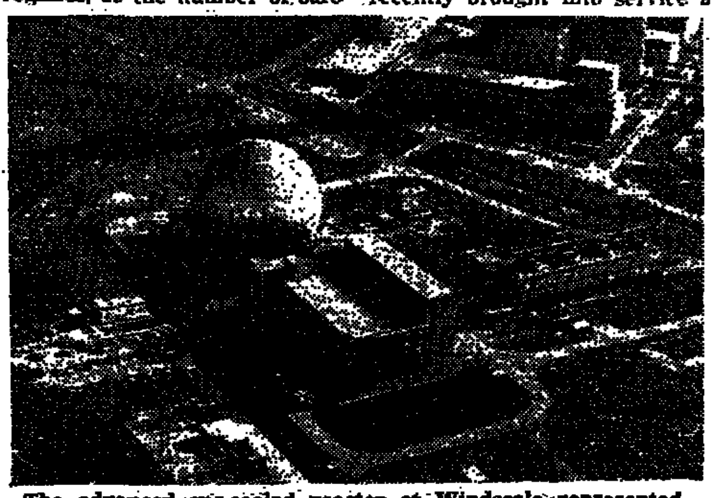
At the Dounreay establishment of the UK Atomic Energy Authority, researchers are collaborating closely with the IAEA to test instruments of this kind developed both in the U.S., for the agency and by Britain, at Harwell. In the Western world at least, Dounreay is in the vanguard in developing the plutonium-based fuel cycle for the fast breeder reactor.

The IAEA sees Dounreay as a training centre in a novel safeguards technology with which its inspectors expect to become increasingly involved in the 1980s. The establishment hopes to have the IAEA system in full operation later this summer.

The UK Atomic Energy Authority's 250 megawatt prototype fast reactor achieved generation for the first time in 1975.



In the U.S. the General Atomic headquarters in La Jolla, San Diego, provides a 400 acre site for programmes connected with fusion, breeder reactors and seawater desalination



The advanced gas-cooled reactor at Windscale represented an earlier advance in the development of a gas-cooled graphite-moderated reactor.

Infra-red illuminator

A NEW infra-red illuminator for use with night viewing equipment has been launched by the ITT Components Group.

The LM05 emits infra-red light at a wavelength of 840 nanometres and is said to offer a three times improvement in resolution of scenes with dark shadows from a mean power output of 10 milliwatts.

According to ITT, the area of coverage is a four metre disc at 100 metres range.

More on 0803 550762.

POINTERS

De Beers claims success for Amborite

DE BEERS Industrial Diamond Division has announced a recent case history which heralds the success of the use of its new CNB-based cutting tool material, Amborite.

This is said to have effected a 90 per cent timesaving in the machining of hard, abrasion resistant Ni-Hard at the factory of iron alloy specialist E. Pass and Company of Denton, Manchester.

Amborite has been used in the machining of Ni-Hard block sleeves needed for wire bobbins which are cast in Pass's own *foundry. The components had a* hardness of 58-61 HRC and had to be machined on the inside and outside diameters, a shoulder and the base, the latter involving an interrupted cut arising from raised areas on the casting.

Tungsten carbide turning tools, says De Beers, had proved totally inadequate for this exercise and Pass, initially, tried ceramic inserts which could machine the components only at the expense of some 50 hours machining time. Additionally, a final grinding operation accounted for a further two hours.

With the switch to Amborite, using a Webster-Bennett vertical boring machine with a workpiece speed of 68 metres a minute, a feed of 0.25 mm/rev and a 2mm depth of cut, it was found that a 12.7 mm diameter *(RNMN) Amborite insert could* reduce the turning cycle from 50 hours to four and a half hours—giving a total machining time of six and a half hours including final grinding.

Generally, machining of the two diameters involved a total stock removal of 4 mm in each case, but 6-7 mm had to be removed from the inclined shoulder and 4 mm from the base.

It was then found that in all four turning operations the new cutting tool material effected a good surface finish, and by indexing the insert after each turning mode optimum tool life could be achieved.

More from De Beers, Sunninghill, Ascot, Berks. (0990 23456).

Solar generators for Tanzania telecommunication

THE TANZANIA Post and Telecommunications Corporation (TPTC) has ordered 10 photovoltaic solar generators to chanel light into power from Saft (UK) of Hampton, Middlesex (01-979 7755).

Purpose of the equipment is to provide security of energy supply for TPTC with consequential uniterrupted receive/transmission modes.

Saft says that Tanzania is *one of the first countries to* recognise the potential in the photovoltaic system and, in a relatively short period, has gained considerable experience *in the principle.*

Generator sets bound for the country comprise solar modules, storage batteries, chassis mounting and cabling, a special pre-failure low-voltage alarm system, and measuring devices to monitor voltage power production levels.

The systems are to be set up in isolated locations later this year and will require only minimal maintenance — Saft says one check a year.

Howdenair extends range of screw compressors

FOR USERS requiring relatively smal lamounts of screw compressors, the Howdenair Packaged range has been extended with the introduction of air cooled sets called C20, C25 and C40.

These offer capacities of 65 cfm, 100 cfm and 155 cfm respectively at 10 psig working pressure.

All are direct driven and have integral air cooled aftercoolers fully automatic with modulating and off-loading control, and are mounted on a skid type base with acoustic enclosure.

Noise level of the C20 is 67 dBA at one metre which allows the compressor sets to be positioned in any convenient position in a factory and, says the maker, special foundations are not required with this type.

Further from Howdenair, The Bridge, Hounslow Road, Feltham, Middlesex (01-751 3244).

Reverse osmosis for North Sea desalination

SEAWATER DESALINATION equipment comprising a reverse osmosis plant with pre and post treatment stages is destined for potable water production on Amoco (UK) Exploration's new North Sea Oil platform, the NW Hutton field.

Fully engineered to the exacting petrochemical standards required for the intensely aggressive conditions that will be experienced offshore, the complete plant has been designed by Permutit-Boby (Portals Water Treatment), 632, London Road, Isleworth, Middx (01-560 5199).

Pre-treatment consists of three stage filtration; stellar precoat filters, carbon filters and back up cartridge filter, supplied by Permutit-Boby and its Tella-Meta Filters division.

The plant is duplexed to provide separate service and stand-by streams, and the filter units are mounted in pairs on the same skid.

The equipment will filter 13 cubic metres an hour of sea water for the reverse osmosis unit which has been specially braced to compensate for lateral stresses likely to occur in the North Sea.

What managers must tell their employees

BY JOHN ELLIOTT

TOO FEW companies are making any real efforts to improve their relationships with employees on a permanent basis that will survive when the economy improves. Too many are relying on their unions' lack of confidence and their employees' fear of unemployment to push through cutbacks and changes with the minimum of consultation.

If this trend continues until the end of the recession, companies will find themselves facing a whole range of potential disputes as the activists in trade unions try to mobilise disgruntled workers. This will probably happen just as a company's order book fills up and leads to pressure for constant output.

Militancy

After talking to managers, union officials and shop stewards in a wide range of businesses around the country earlier this month, I am convinced that many companies are sowing the seeds for future trouble. "For every company that is working on better relationships round here, I can tell you of two that are not," said an engineering shop steward on a Merseyside industrial estate.

"Militancy is nothing like it used to be but there will be a rebound because too many companies are just dictating terms instead of trying to bring everyone together," commented a union official in Hull.

Interestingly one hears of the potential for a permanent change in worker attitudes more often from union officials than from managers, too many of whom seem resigned to the belief that the British worker will never drop his militant approach for long.

The main blame if there is not more of a permanent change must lie at the feet of management. Too often one still hears a senior manager say: "I don't believe in giving the enemy any help, so I don't want to tell them more about the company than they have to know." The shop steward in such a company responds with a remark like: "They're pushing through shop floor changes without telling us till the last minute; but we can't press them on it because of our members' fear for their jobs."

The fear is real, especially in the most run-down areas of the country, such as Merseyside. As one senior executive commented with concern: "The real shock hits when a worker realises his kids are not going to get a job."

In such a situation managements have an opportunity which may never be repeated in a generation to break through some of the hidebound traditions of the past — and the best ones are doing so. This involves taking shop stewards into managers' confidence, along with full-time officials, so that they do not feel excluded. A considerable proportion of managers' time then needs to be spent communicating with the shop floor both directly and through films and other methods.

Perhaps most important of all, companies need to communicate and consult with their middle management — the foremen and shop floor supervisors. These men tend to feel left out, squeezed between the troubles of the production line and the demands of senior management.

Rewards

Companies such as Plessey, ICI, Ford, British Steel and others are doing this sort of work and are reaping the rewards as they push through massive programmes of change.

But there are too many other companies whose managers — especially older ones — are just not bothering. The chairman or chief executive visiting a factory may not often notice what is not happening because, in the present climate, life will appear relatively calm, and cutbacks and other changes will be in train. Every company chairman should make a note in his diary before going on holiday to check how much — or how little — is really being done in each of his factories when he returns.

The sanctity of banks' performance bonds

BUSINESS AND THE COURTS

BY CELIA HAMPTON

A BANK'S word is its bond. When its client is an exporter, its word is the exporter's performance bond. Nothing, or nothing much, can come between the bank and its obligation to pay the importer under the bond.

This relatively modern practice has become a basic institution in international trade. It is intended as a device to provide secure and readily obtainable monetary compensation to a buyer if the seller fails to supply the goods as promised.

Rather than arbitrate or bring legal proceedings in a distant country, which may be risky and will certainly be costly, the buyer can call on the bank to pay fixed damages at once if there is a shortcoming in the seller's performance of the export contract. If the seller objects, the two parties can then arbitrate or litigate at leisure: the buyer's cashing of the bond should, in theory, help to keep him in the status quo, even if the seller's default has otherwise caused him a loss.

The amount of the bond is quite normally 5 per cent of the total contract price.

An even more modern practice is the "on demand" or "first demand" performance bond, apparently popular in contracts with the Middle East. The exporter furnishes a bond which becomes payable on the buyer's first demand to have it paid. The buyer need not prove any default or breach of contract. The seller has to rely on the buyer's probity and reputation.

In the hands of a not too fastidious buyer, the bond operates simply as a discount of the contract price—5 per cent off, or whatever percentage is agreed.

In the race for export contracts, it quite often happens that a bond entered into in the heat of competition is repented at the seller's leisure. Ingenious legal arguments have been put forward, but so far the courts have only allowed one exception to the integrity of the bank's obligation to pay—fraud.

Fraud is a strong word and is not considered lightly by the courts. A merely unscrupulous cashing of the bond, where the seller has kept to his side of the bargain, is not sufficient to avoid the bank's obligation to pay up. The bond is a guarantee given by the bank, not the seller, and it is a matter of honour and reputation for the bank to meet it.

Where the seller thinks that the buyer is cashing the bond contrary to the terms of the export contract, he can only stop it if he can show that the cashing is fraudulent. This might arise where the buyer was also seeking to avoid payment on spurious grounds. If it is simply in breach of the contract terms—for instance, payment is late—the seller must leave the matter to normal dispute procedures and sue the buyer for return of the bond money.

More commonly, performance bonds become payable on the buyer giving notice of default to the seller. This may still be done fraudulently, in which event the bank may be stopped by injuction from paying up.

In a recent case,* a valiant attempt was made to extend the meaning of fraud in this context so that the seller could avoid paying a £3m bond in circumstances where his shortcomings were due to factors altogether outside his control. It would have dealt a fatal blow to the credibility of performance bonds as reliable cash instruments, but it would have made the situation of exporters who have rashly undertaken a performance bond a lot more comfortable.

A London sugar importer (Mans) agreed to buy 200,000 metric tons of sugar from the State Trading Corporation of India (STCI) in monthly instalments of up to 60,000 tons each.

The contract provided that STCI should establish a bond for 5 per cent of the maximum value of the contract. STCI did so and the bank guaranteed "irrevocably and unconditionally" to pay any sum claimed, up to £3,165,250, in proportion to the quantity in default, should the seller fail "for whatever reasons" to meet its obligations. The bond went on to require the buyers to give notice to the bank of the seller's default.

The sale contract contained a *force majeure* clause, giving the seller an extended period for delivery of the sugar if prevented or delayed by government intervention or any other appropriate cause outside his control. This required the seller to give notice of the interruption in supply to the buyer.

After only a small amount of sugar had been delivered, the Indian Government imposed a total ban on sugar exports.

STCI, clearly fearing that the buyer would cash the performance bond, went straight to the High Court. There it sought an injunction against Mans to stop the importer from giving the bank notice of default as required by the bond.

At first the court granted a holding injunction, but revoked it at a full hearing. STCI appealed to the Court of Appeal.

The appeal itself was unprecedented. In previous cases the notice of default or demand for payment had always been made before the case came to court. Here, STCI was seeking to prevent that happening.

Counsel for STCI advanced a novel argument: it should be implied into the sale contract that Mans would only seek payment under the bond if it was just and reasonable in the circumstances to do so. In other words, Mans should inquire first into the reason for STCI's failure to deliver the sugar and only seek payment under the bond if it was a "default" within the terms of the sale contract. As STCI was covered by the *force majeure* clause, it would then have been improper for Mans to seek payment on the bond.

The Court of Appeal rejected this argument. The importer could have sought payment fraudulently, but did not do so. If Mans had not honestly believed that there had been a default, this would have been a fraud on STCI under the contract. But if Mans believed honestly that there had been a default, they were entitled to give the bank notice of it and get the cash. Mans had this belief because all they knew was that the sugar had not been delivered.

Lord Denning said that the court would not imply a term into the sale contract that Mans should only seek payment of the bond if objectively they had a known reason to believe that STCI had defaulted. A good faith belief must be enough. To rule otherwise would be to undermine "part of the essential machinery of international trade."

In trade terms, performance bonds, like other bank guarantees, are to be treated as cash. The contracting parties' disputes between themselves are irrelevant to the bank's duty to cash the bond. To make the cashability of a bond dependent on the absence of a dispute between buyer and seller would be to undermine their efficacy as an established institution which enhances the trading position of entrepreneurs governed by English law.

Arbitration between Mans and STCI had already begun. The Court of Appeal judgment was therefore something of a red herring, but it is a useful enlargement on the court's — in particular, Lord Denning's — views on the sanctity of banks' guarantees.

* *State Trading Corporation of India Ltd v E. D. & F. Man (Sugar) Ltd, Times Law Reports, 22 July, 1981.*

Piggott for subtlety and dash

RACING

BY DOMINIC WIGAN

LESTER PIGGOTT, whose artistry on an outstanding thoroughbred may never have been matched, is likely to be showing widely differing facets of his skills at Goodwood today.

On Ardross in the Goodwood Cup racegoers and television viewers can expect to see him at his most subtle. And 35 minutes later he will probably be showing all his dash and dynamism on Standaan in the King George Stakes.

Ardross, now arguably the best stayer seen since the war, has won each of his two races this term with consummate ease, and it is difficult not to subscribe to the view of his trainer, Henry Cecil, that "he is a stronger and better stayer than last year and should have nothing to fear in the Cup races."

Widely varying distances and ground conditions come alike to Ardross who will be neither inconvenienced by a slow pace nor faster going than that on which he normally excells in today's eight-runner event. He looks set to score again with the minimum of fuss—possibly at the chief expense of the locally trained Arundel representative, Double Florin.

Standaan, whose devasting early-pace in Royal Ascot's Kings Stand Stakes had even Marwell in trouble briefly as the principals raced into the final furlong, is a reasonably confident choice for the Group 3 King George Stakes.

Not only does the grey Zeddaan horse relish the prevailing conditions but, as he showed at the Royal meeting, he is now best served by a sharp five furlongs such as that offered by this downlands course over which he has already secured a six furlong success.

Despite the claims of that remarkably tough and resilient colt, My Dad Tom in the Lanson Champagne Stakes, my narrow preference is for Treboro, whose recent form looks marginally the more impressive. Last time out the Pulborough representative — bidding to become Guy Harwood's 57th winner of the campaign—gave weight away all round in Newbury's Donnington Castle Stakes.

GOODWOOD

2.00—Birthday Frolic*
2.30—Treboro**
3.05—Grain Race
3.40—Ardross
4.15—Standaan***
4.45—Teamwork

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University. 9.55 The Wombles. 10.00 Jackanory. 10.15 Cheggers Plays Pop. 10.35 Why Don't You . . . ? 11.25 Cricket: Fourth Test. 1.30 pm Chock-A-Block. 1.45 Midday News. 2.02 Regional News. 2.05 Cricket: Fourth Test. 4.18 Regional News. 4.20 Play School. 4.45 Scooby Doo.

5.05 John Craven's Newsround.
5.10 We Are The Champions.
5.40 News.
5.55 News Magazine.
6.20 Nationwide.
6.45 Holiday Report.
6.55 Bellamy's Backyard Safari.
7.25 Top of the Pops.
8.00 Citizen Smith.
8.30 It Ain't Half Hot Mum.
9.00 News.
9.25 The Good Old Days.
10.15 The Black Stuff by Alan Bleasdale.
12.00-12.05 Weather.

All Regions as BBC 1 except as follows:—

BBC Cymru/Wales: 5.55 pm Wales Today. 6.55 Heddiw. 12.00 Weather.

Scotland: 10.15 Bzzz. 1.25 The Scottish News. 5.55 Reporting Scotland. 8.00-8.30 Butterflies. 12.00 Weather.

Northern Ireland: 4.18 Northern Ireland News. 5.55 Scene Around Six.

England: 5.55 pm Look East; Look North; Look North; Look North West; Midlands Today; Nationwide; Points West; South Today; Spotlight South West.

BBC 2

6.40 am Open University.
11.00 Play School.
2.15 pm Glorious Goodwood.
4.25 Cricket: Fourth Test.
6.30 Open University.
6.55 Six Fifty-Five Special from Peble Mill.
7.30 Mid-Evening News.
7.40 Best of Brass: BBC 2's Brass Band knockout competition.
†8.15 Film: The Big Sleep.
10.05 Elisabeth Schwarzkopf Masterclass.
10.45 Newsnight.
11.30 Cricket: Fourth Test.

LONDON

9.30 am Larry The Lamb. 9.40 Cities: Rome. 10.30 The Outsiders. 11.20 A Big Country. 11.50 Barney Google and Snuffy Smith. 12.00 The Ark Stories. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News At One. 1.20 News. 1.30 Emmerdale Farm. 2.00 Here Today. 2.25 Film: Sea Of Sand. 4.15 Foghorn Leghorn. 4.20 Survival. 4.50 Sierra.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 The Walt Disney Classic.
6.40 The Comancheros starring John Wayne.
8.30 Rule Britannia.
9.00 Spearhead—In Hong Kong.
10.00 News At Ten.
10.30 Secrets of Midland Heights.
11.30 Christians Under Fire.
12.00 What The Papers Say.
12.15 Sit Up and Listen with Dilys Powell.

All Regions as BBCI except at the following times:—

ANGLIA

9.30 Sesame Street. 10.30 Welcome to the Ceilidh. 10.55 Joe 90. 11.20 Pro-Celebrity Snooker. 1.20 Anglia News. 2.25 Film: Legend of Valentine. 4.20 Vicky the Viking. 4.45 Little House on the Prairie. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Film: "In Name Only." 8.25 Brendes Encore. 10.30 The Jim Davidson Show. 11.00 Me and My Camera. 11.30 240 Robert. 12.30 The Living Word.

ATV

9.45 am The Lost Islands. 10.10 Cities. 11.00 Sesame Street. 1.20 ATV News. 2.25 Film: "Christopher Columbus." 4.20 Vicky the Viking. 4.45 Little House on the Prairie. 6.00 ATV News. 6.30 ATV. Today. 7.05 Film: "Lacy and the Mississippi Queen." 10.30 England Their England. 11.15 News. 11.20 Me and My Camera. 11.50 Police Surgeon.

BORDER

9.30 am Tarzan. 10.20 The World We Live In. 10.45 Stingray. 11.10 Little House on the Prairie. 2.25 Film: "The Most Dangerous Man in the the World." 4.20 Vicky the Viking. 4.50 Project UFO. 5.45 News at 5.45. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Film: "The Girl Who Couldn't Say No." 11.00 Me and My Camera. 11.30 Border News.

CHANNEL

2.25 pm Film: "Francis Gary Powers." 4.20 Sierra. 5.15 Our Little Town. 6.00 Channel Report. 6.10 Jack Duff and Friends. 6.35 Crossroads. 7.00 Curtain Raiser. 7.05 Film: "Go West Young Girl" 10.36 Brass In Concert. 11.20 The Questors. 11.50 News.

GRAMPIAN

9.45 am First Thing. 9.50 Pavilion Folk. 10.15 Target The Impossible. 10.40 A Big Country. 11.05 The Adventures of Niko. 11.35 Stingray. 2.25 pm Film: "Christopher Columbus." 4.20 Little House on the Prairie. 5.10 Police News. 5.15 Survival. 6.00 Summer at Six and area weather forecast. 6.35 Crossroads. 7.00 Top Club. 7.30 Hoton. 10.30 Soap. 11.00 Me and My Camera. 11.30 North Headlines. 11.35 Superstar Profile.

GRANADA

9.30 am The Bubblies. 9.35 The World We Live In. 10.00 Between the Tides. 10.15 Laurel and Hardy. 10.35 The Beachcombers. 11.00 Sesame Street. 2.25 Film. "The Healers." 4.20 The Flintstones. 4.50 The Little House on the Prairie. 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Film: "Beach Patrol." 10.30 Celebration. 11.00 Me and My Camera. 11.50 The Monte Carlo Show. 12.25 What The Papers Say.

HTV

9.50 am Thunderbirds. 10.40 The Love Match. 2.25 pm Film: "Three Hats for Lisa." 4.20 Spiderman. 4.45 The Flying Kiwi. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.45 Film: "The Commanderos." 10.30 Scene. 11.15 Me and My Camera. 11.45 Weather.

HTV Cymru/Wales: As HTV except: 12.00 Ces Caeos. 4.45 pm Ser. 5.15 Highway Slobbery. 6.00 Y Dydd. 6.20 Report Wales. 10.30 O'r Wasg.

SCOTTISH

9.55 am Simon in the Land of Chalk Drawings. 10.00 Hands. 10.25 How the West was Won. 2.25 Film: "King Solomon's Mines." 4.20 Little House on the Prairie. 5.15 Tiddlers' Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Years of Lightning. 7.00 Now You See It. 7.30 Danger UXB. 10.30 Soap. 11.00 Just Here for the Blow. 11.30 Brass in Concert. 12.15 Late Call.

SOUTHERN

9.35 am Wild, Wild World of Animals. 10.00 Freetime. 10.25 George Hamilton IV. 10.50 Survival. 11.15 Bailey's Bird. 11.45 Larry the Lamb. 2.25 Film: "Passionate Friends." 4.20 The Beachcombers. 4.45 The Flying Kiwi. 5.15 Undersea Adventures of Captain Nemo. 5.20 Crossroads. 5.45 News. 6.00 Day by Day. 6.35 Years of Lightning. 7.05 Film: "Lacy and the Mississippi Queen." 11.00 Me and My Camera. 11.30 Police Surgeon. 12.00 What the Papers Say. 12.20 am Weather forecast.

TYNE TEES

9.20 The Good Word. 9.25 North East News. 9.30 Patterns. 9.55 Knossos. 10.45 Film: "Child's Play." 11.50 The Undersea Adventures of Captain Nemo. 2.25 Cash and Co.: Golden Girl. 3.20 The Human Face of China. 3.45 Life Begins at Forty. 4.20 Herculoids. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 The Incredible Hulk. 8.00 Big Jack's British. 10.32 Soap. 11.00 Double Top. 11.30 The Questors. 12.00 Marriage.

ULSTER

2.25 Film: "Passage Home." 4.13 Ulster News. 4.20 Little House on the Prairie. 5.15 Cartoon Time. 5.20 Crossroads. 5.45 News at 5.45. 6.00 Good Evening Ulster. 6.20 Police Six. 6.30 Years of Lightning. 7.00 Walt Disney Classics. 7.05 Film: "Nowhere to Hide." 10.30 Soap. 11.00 Me and My Camera. 11.30 Bedtime.

WESTWARD

9.30 Pro-Celebrity Ten Pin Bowling. 10.10 Thunderbirds. 11.00 Young Ramsay. 11.55 Wattoo Wattoo. 2.25 Film: "Francis Gary Powers." 4.20 Sierra. 5.15 Our Little Town. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Film: "The Old Mill." 7.05 Film: "Go West Young Girl." 10.36 Brass in Concert. 11.20 Me and My Camera. 11.50 Faith for Life. 11.55 Weather.

YORKSHIRE

9.30 am Sally and Jake. 9.40 Alphabet. 10.05 Bailey's Bird. 10.30 Cartoon Time. 10.40 Bulldog Jack. 11.55 Wattoo Wattoo. 2.25 Film: "The Good Die Young." 4.20 Jason of Star Command." 4.45 Sierra. 6.00 Calendar. 6.35 Crossroads. 7.00 Walt Disney Classics. 7.05 Film: "Nowhere to Hide." 10.30 Calendar Carousel. 11.00 Me and My Camera. 11.30 A New Kind of Family.

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
† Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 6.00 Top 30 Album Chart. 7.00 Paul Gambaccini. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan. 10.00 Jimmy Young (S). 12.00 pm John Dunn (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News. 6.00 David Symonds (S). 8.00 Country Club (S). 9.00 Alan Dell (S). 10.00 Punch Line. 10.30 Star Sound Extra. 11.00 Brian Matthew. 1.00 Truckers' Hour (S). 2.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.5 Morning Concert (S). 8.0 News. 8.5 This Week's Composer Ravel (S). 10.00 George Malcolm (S). 10.35 Hindemith (S). 11.15 Cricket: Fourth Test. 6.40 Mainly for Pleasure (S). 7.00 pm The Vision of Piers Plowman (S). 7.30 Proms 81 (S). 8.00 Hollywood in Bavaria. 8.20 Proms 81 (S). 9.30 Words. 9.35 Hindemith's Second String Quartet (S). 10.10 Dialogue Between Friends. 11.00 News. 11.05 Messiaen (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. 8.45 A Holiday Task by Saki. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 A Good Read. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File on 4. 11.50 Enquire Within (S). 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1981 (S). 1.00 pm The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre: Jack Warner in Jubilee (S). 4.00 What the Foreigner Saw. 4.15 A Way of Living. 4.45 Story Time. 5.00 PM: news magazine. 5.05 Weather. 6.00 The Six O'clock News. 6.30 Any Answers? 6.55 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse (S). 7.30 Proms '81 (S). 8.00 Daphne du Maurier. 8.20 Proms '81 (S). 9.30 Kaleidoscope. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

Capital Radio

4 am The early show — Richard Allinson. 7.00 Mike Smith's Breakfast Show. 10.00 Sarah Ward. 12.30 pm Nicky Horne. 1.00 First Report. 1.10 Nicky Horne continued. 3.00 Roger Scott. 6.30 London Tonight. 8.30 Peter Young. 10.30 John Sachs' Late Show. 12.00 Midnight Special.

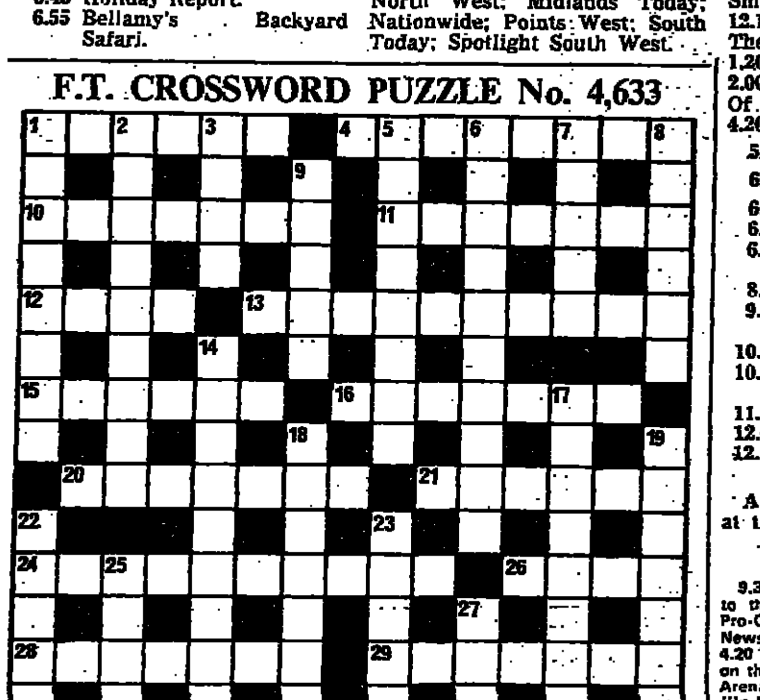
BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music On The Move. 6.33 Openings. 7.03 Black Londoners. 8.00 As Radio 1. 10.00 Question Time. 11.00 Join Radio 2.

London Broadcasting

6.00 am Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 Peter Dooley. 2.00 pm Barry Jordon. 4.00 Max Miller. 7.00 London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports. 1.00 am Night Extra. 4.00 The London Interview. 5.00 Morning Music.

F.T. CROSSWORD PUZZLE No. 4,633



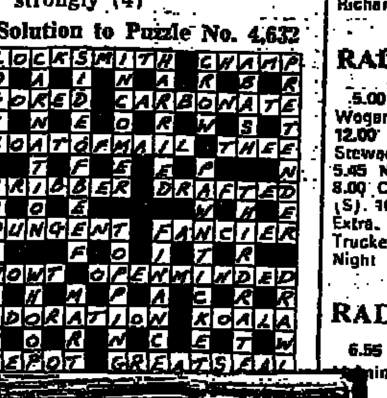
ACROSS

1 Bird seen in the sky at night (6)
4 Pet's accommodation is a place of disgrace (3-5)
10 Opening containing gold, provided that diamonds follow (7)
11 Of a simple type of writing that's popular (7)
12 Draw off from the leas and strain (4)
13 What one may eat in ocean voyage? (4, 6)
15 Apple seed to secure (6)
16 Present Public Relations with a first advance (7)
20 Stretcher providing support? (7)
21 Fight with Eastern leader in a predicament (6)
24 The plain unvarnished truth could be served as 13 (4, 6)
26 Measure a boundary (4)
28 Tearing into shreds but it's only horseplay (7)
29 Forecast that wine is coming to a finish (7)
30 Send around a rough steep rock for cheap meat (5-3)
31 Annoy persistently to make troublesome person hesitate (6)

DOWN

1 Like mature fruit, or 1 Across upset (4-4)
2 Money on which interest is paid, taking the first place (9)
3 Way out and without it (4)
5 Plain table d'hote (8)
6 Wherein an author or a civil servant may work (4, 6)
7 Give voice to, out-and-out (5)
8 Abstain from extremes of excess and meditate (6)
9 Started to ask for article (5)
14 Before doing anything else punctually (5, 5)
17 The words sent me are changed by rubbing out (9)
18 Gas obtained from iron gent (8)
19 Defer admitting conclusion from champion (8)
22 A vehicle going over us and a mite (6)
23 Wasp in hive sparkles (5)
25 A saintly race? (5)
27 An impulse to advise strongly (4)

Solution to Puzzle No. 4,632



هكذا من الأجل

ENTERTAINMENT GUIDE

OPERA & BALLET

ROYAL FESTIVAL HALL. 01-928 3191. Info 01-928 3002. Until Aug 15. Evgs 7.30 Mat Sats 3.00. LONDON FESTIVAL BALLET. Until Sat: LA SYLPHIDE. Ton't Ruanne/Jolley. Aug 3 to 8: ROSALINDA. Aug 10 to 15: COPPELIA. Tkts £3 to £8.

SADLER'S WELLS THEATRE, EC1. Tel 01-837 1672/1673/3856. Credit Cards 10 am to 6 pm 01-278 0871. Group Sales Box Office 01-379 6061. Tomorrow until Aug 15 Evs 7.30 SUMMER SEASON OF OPERA. Tomor, Aug. 1, 3, 4, 6, 8, 10, 12, 14, 15 THE GYPSY PRINCESS by Kalman. Aug 5, 7, 11, 13. Mats Aug 8 & 15 at 2.30 HANSEL & GRETEL by Humperdinck. Tkts £2 to £9. SAVE £ £ £'s DANCE SUBSCRIPTION SEASON For Details Tel 01-278 0855 NOW!

THEATRES

ADELPHI. S. CC. 01-836 7611. Evgs 7.30. Sats 4.0 and 7.45. Mat Thursday at 3.0. TONY BRITTON, JILL MARTIN, PETER BAYLISS and ANNA NEAGLE in MY FAIR LADY. Grp bookings ring 01-836 7358 or 01-379 6061. Now booking through to October.

ALBERY. S 836 3878. CC bkgs 379 6565. Grp bkgs 836 3962, 379 6061. Eves 8. Thurs mat 3.0. Sat 5 & 8.15. SIAN PHILLIPS, DENIS LAWSON most promising new actor DRAMA AWARD '80. PAL JOEY.

ALDWYCH. S 836 6404. CC 379 6233 (10-6. Sats 10-4) Info 836 5332. ROYAL SHAKESPEARE COMPANY AS YOU LIKE IT (approx length 3 hrs). Seats avail today 2.00 pm & 7.30 pm. In repertoire with THE MERCHANT OF VENICE (next perf 31 July), TROILUS AND CRESSIDA (next perf 5 Aug). Prestel 22023. Group Sales 379 6061. RSC also at Warehouse/Piccadilly/Fortune.

AMBASSADORS. S CC. 836 1171. Evs 8.00. Tues Mat 3.0. Sat 5.30 and 8.30. OVER 250 PERFORMANCES. RECORD-BREAKING RUN of J. B. PRIESTLEY'S Mystery Play DANGEROUS CORNER. Acclaimed revival of Priestley's most popular play. Seat prices from £3.00.

APOLLO, Shaftesbury Ave. S. CC. 437 2663. ONE NIGHT STAND. A new comedy musical by Mike Harding. Evgs Mon-Fri at 8.0. Matinee Wed at 3 pm. Sat at 5 pm & 8.15 pm.

ARTS THEATRE (Gt. Newport St., WC2). 01-836 3334-2132. Red Price Prevs from Today at 8.00. ALL SEATS £3. Opens Aug 3 at 7.30. Sub Evgs 8.00. RICHARD HUGGETT as EVELYN WAUGH in A TALENT TO ABUSE. An Original One Man Play.

CAMBRIDGE THEATRE. 01-836 7040. 6056 Evgs 8.00. Sat 6.00 & 9.00. Late Show Fri 10.30. The Entire American Company Direct from New York in ONE MO' TIME. THE GREAT NEW ORLEANS MUSICAL ONE MO' TIME IS A GOOD TIME! Group Bookings 01-839 3092. Ring Teledata 01-200 0200 for instant confirmed CC bkgs—24 hrs personal service available. Opening Dec 18th for the Xmas Season JON PERTWEE. UNA STUBBS. GEOFFREY BAYLDON in WORZEL GUMMIDGE. A new Musical Based on the Famous Television Series. Tel 01-836 1488.

CHICHESTER Festival Theatre. 0243 781312. Season sponsored by Martini & Rossi Ltd. UNDERNEATH THE ARCHES. Today 2.30 & 7.0.

CRITERION. S 930 3216. CC 379 6565. Grp Bkgs 836 3962. Mon to Thur 8.00 Fri & Sat 6.0 & 8.45. STALLS FROM £2.90. Dario Fo's farce CAN'T PAY? WON'T PAY!

DRURY LANE. Theatre Royal. Tel 836 8108. THE BEST LITTLE WHOREHOUSE IN TEXAS. Eve Mon to Thur 8.00, Fri and Sat 5.30 and 8.30. Group sales 379 6061. LAST WEEKS—MUST END AUGUST 22.

DUCHESS. S & CC 836 8243. Eves 8. Wed 3. Sat 5.30 & 8.30. Francis Matthews, George Sewell, Lynette Davies THE BUSINESS OF MURDER.

FORTUNE, Russell St., WC2. S CC Box Office Tel 01-836 2238. THE ROYAL SHAKESPEARE COMPANY in PLEASURE AND REPENTANCE. SEATS AVAILABLE TONIGHT 8.0. An entertainment of words/music about the art of Love, with Tony Church, Barbara Leigh-Hunt, Adrian Herman, Richard Pasco. In Rep with THE HOLLOW CROWN (next perf Mon). Group Sales 379 6061. Student tickets £3 on the day.

GARRICK. S. CC. Box off. tel 836 4061. MIKE LEIGH'S SMASH-HIT GOOSE PIMPLES. MON-SAT 8.00 pm. SAT Mat 5.00 pm. Group sales 379 6061.

GLOBE THEATRE. 01-437 1592. ALEC McCOWEN in ST. MARK'S GOSPEL. Tues-Sat at 7.45. Saturdays at 4.00 (no perf Mon). Seat prices: Stalls £5.50, £4.50 & £3.50. Circle £5.50, £4.50. Upper Circle £2.50 & £1.50. LATECOMERS NOT ADMITTED UNTIL INTERVAL. LAST 2 WEEKS.

GREENWICH. S. CC. 858 7755. Eves 8. Sat 5 & 8. JULY 27 FOR 4 WEEKS ONLY. HANNAH GORDON, PETER GILMORE, LEWIS FIANDER, PHILIP BOND and ERNEST CLARK in THE KILLING GAME.

HAYMARKET THEATRE ROYAL. 930 9832. DEBORAH KERR, IAN CARMICHAEL in OVERHEARD, A new comedy by PETER USTINOV. Evgs Mon-Sat 8.00 pm. Mat Wed 2.30. Sat at 4.30 pm.

HER MAJESTY'S. 930 6606-7. CC 930 4025-6. Grp sales 379 6061. Eves 8.0. Sat Mats 3.0. FRANK FINLAY in the National Theatre's multi-award winning International Smash Hit AMADEUS by PETER SHAFFER. Directed by PETER HALL.

KINGS HEAD. 226 1916. Dnr 7. Show 8.30 RUNYON ON BROADWAY. 11.15 am WONDERLAND, a new musical set in Hollywood in the 40's.

LONDON INTERNATIONAL FESTIVAL OF THEATRE. August 3 to 18. Info 01-222 4P91. Companies from: BRAZIL (Lyric, Hammersmith), FRANCE (Old Half Moon), GERMANY (Tricycle), HOLLAND (ICA), JAPAN (Tricycle), MALAYSIA (Shaw), PERU (ICA), POLAND (New Half Moon & ICA). Full programme from the venues.

LONDON PALLADIUM. 01-437 7373. MICHAEL CRAWFORD in the Broadway Musical BARNUM. Eves 7.30. Mats Wed and Sat 2.45. Use the Barnum Hotline 01-437 2055 01-734 8961 for instant credit card reservations.

LYRIC. S. CC. 437 3686. Grp Sales 379 6061. Previews from 5 August at 8.00. Opens Aug 11 at 7.00. John Standing, Estelle Kohler, Hugh Lloyd in Noel Coward's TONIGHT AT 8.30.

SAVOY. CC 01-836 8888. For Credit Card bookings ring 930 0731 (4 lines) (9.30-6.00 Sats 9.30-5.30). Evs 8.00. Mats Thurs 3.00. Sats 6.00 and 8.45. SUSAN HAMPSHIRE, GERALD HARPER in FRANCIS DURBRIDGE'S New Thriller HOUSE GUEST with PHILIP STONE.

SHAFTESBURY. CC. Shaftesbury Ave., WC2. Box Office 836 6596 or 836 4255. Credit card bookings 930 0731 (4 lines). 9.30-6.00. 379 6565. Sats 9.30-4.30. Group bookings only 01-839 3092. MARTIN SHAW, GEMMA CRAVEN in THEY'RE PLAYING OUR SONG. Prices Stalls, Royal Circle £8.00, £6.50, £5.00. Circle £3.50, £2.50. OAPs £4.00 (Wed Mat only best seats. Students standby £4.00). Evgs 8.00. Sats 5.00 and 8.30. Note! Matinee today at 3.0.

ST. MARTIN'S. CC 836 1443. Evgs 8.00. Tuesday 2.45. Saturday 5.00 and 8.00. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 29th Year. SORRY, we never do reduced prices. Theatre fully air-conditioned.

CINEMAS

STUDIO 1 & 2 Oxford Circus. 437 3300. Lic'd Bar. 1. EXCALIBUR (AA). Progs 1.40, 4.45, 7.45. Lte Show Fri & Sat 11.00. 2. SUPERMAN II (A). Progs 12.25, 2.45, 5.30, 8.15. Lte Show Fri & Sat 11.00.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW EROTIC FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 8954871. Telegrams: Finantimo, London. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1, West Germany. Telex: 416193. Telephone 75981. Editorial: Frankenallee 71-81. Telex: 416052. Telephone 7598 236.

INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527. Tel: 276 796.
Birmingham: Editorial and Advertising George Hse., George Rd., B15 1PG. Telex: 338650. Tel: 021-454 0922.
Bonn: Pressehaus 11/104 Heussallee 2-10. Telex: 8869542. Tel: 210039.
Brussels: 39 Rue Ducale. Telex: 23283. Fax: 512 1404. Tel: 512 9037.
Cairo: P.O. Box 2040. Tel: 751482.
Dublin: 25 South Frederick St., Dublin 2. Telex: 25414. Tel: Dublin 603378.
Edinburgh: Editorial and Advertising 37 George Street, EH2 2HN. Telex: 72484. Editorial Tel: 031-226 4120. Advertising Tel: 031-226 4139.
Frankfurt: Editorial Frankenallee 71-81. Telex: 416052. Tel: 7598 236. Advertising Frankenallee 68-72. Telex: 416193. Tel: 7598 1.
Hong Kong: Room 302, Hung Chong Building, 5 Queens Road Central. Telex: 75204 HX. Tel: 5-235166.
Johannesburg: P.O. Box 2128. Telex: 8-6257. Tel: 838-7545.
Leeds: Advertising Permanent House, The Headrow. Tel: 0532 454969.
Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533. Tel: 362 508.
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772.
Manchester: Editorial and Advertising Queen's Hse., Queen St., M2 5HT. Telex: 666813. Tel: 061-834 9381.
Mexico City: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 535 6664.
Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 413300 Finanso. Tel: 243 1635.
New York: Editorial and Advertising 75 Rockefeller Plaza, N.Y. 10019. Editorial Telex: 66390. Tel: (212) 541 4625. Advertising Telex: 238409. Tel: (212) 489 8300.
Paris: Editorial and Advertising Centre d'Affaires Le Louvre, 168 Rue de Rivoli, 75044, Paris Cedex 01. Telex: 220044. Tel: 297 2000.
Rome: Editorial and Advertising Via della Mercede 55. Telex: 610032. Tel: 678 3314.
Stockholm: Editorial and Advertising c/o Svenska Dagbladet, Raalambsvagen 7. Telex: 17603. Tel: 50 60 88.
Tokyo: Editorial 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax: 245 0358. Tel: 241 2920. Advertising Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex: J27104. Tel: 295 4050.
Washington: Editorial and Advertising 914 National Press Building, Washington D.C. 20045. Telex: 440340. Tel: (202) 347 8676.

For Share Index and Business News Summary, Telephone 246 8026 (number, preceded by the appropriate area code valid for London, Birmingham, Liverpool and Manchester).

THE ARTS

Albert Hall/Radio 3

Liverpool Orchestra

by MAX LOPPERT

The second regional orchestra to visit the *Proms* was the Royal Liverpool Philharmonic under its recently appointed conductor David Atherton. The case for the renewed vitality of the RLPO was decently put in the opening *Karelia* Suite—strong, sinewy brass-playing and a good rhythmic tread in the strings were to be noted, as was the absence of the last ounce of compulsive enthusiasm for this perennial Prom favourite. With the following work, Hugh Wood's Cello Concerto, the orchestra came fully into its stride.

The concerto, like all of Wood's best music a confrontation of thoughtful discourse and strong emotional impulses, had its first performance at the Proms, in 1969; it fully deserved Tuesday's hearing, because it holds an audience in a way unusual among contemporary concertos. That is to say, it offers no glamourous timbral confections, no intriguing experiments in sonority and texture, to the uncommitted listener; the power of its statements and the intensity with which they are developed are what gains and sustains the attention.

The idiom is characteristic, one might almost say self-contradictory — tense Bergian motivic working tempered by a *lyrical* and passionate (the score full of directions to the soloist like *mesto, appassionato, con grande intensità)* style of cello writing, which particularly invokes Elgar's art of infusing short phrases with maximum poignancy — and briefly invokes, in a closing quotation "homage," Elgar himself.

It is a volatile compound, one that depends on the commitment of the players. That commitment was here ensured. Mr Atherton and his orchestra gained a high degree of clarity of statement without sacrificing at any point the unfolding drama of the argument—sudden violent outbursts were felt to be intrinsic, not extraneous. The soloist (as he is on the record of the concerto, with the same orchestra and conductor) was Moray Welsh, a cellist of innate nobility and superfine sensitivity, who traced its ripely romantic outpourings without any hint of effusiveness or self-consciousness. Mr Welsh's tone is not huge, and bravura—which was called upon much more forthrightly in the *Chaikovsky Rococo Variations*, played after the interval—does not seem quite his native habitat even when securely delivered. But he is a player of considerable distinction.

Book Review

The Blake catalogue

by WILLIAM PACKER

The Paintings and Drawings of William Blake

by Martin Butlin. Yale University Press. 2 vols; 1,408 pages; 239 plates + 919 illus; £100 the set until December 31 next, thereafter £125.

The first thing to say of this extraordinary production is how very fine it is, most beautifully done and faithfully illustrated; and Martin Butlin, who is Keeper of the Historic British Collection at the Tate, is to be congratulated on this monument to his scrupulous, exhaustive, almost obsessively minute scholarship. William Blake was without doubt one of the most remarkable artists of his or any age, and certainly one of the greatest figures this nation has produced, and he deserves at last his Complete Catalogue, complete at least for the graphic aspect of his work. Even at the price it is, which even in these debased days is steep enough to make one blench somewhat, it becomes at once a corner-stone of all Blake study, and all self-respecting librarians must surely grit their teeth and stump up.

But this is very far from saying that *every home should* have one. The Complete Catalogue, whatever its subject, is a strange and very much a public and institutional beast, an object of reference that assumes and depends for its usefulness upon already specialised and maturing interest and knowledge.

And Blake is nothing if not a highly specialised, not to say peculiar study- and though his graphic production was copious to a degree, it comprises only a part, and not necessarily the major part of his life's achievement. Whereas we may leaf through the Complete Catalogue of his near contemporary, Turner, for example (for which magnificent volumes Mr Butlin was also in part responsible), and at least begin to comprehend the scale and the essential unity of that life's work, for all its range and variety, with the Blake we find ourselves not only daunted by its insistent repetition and stylistic consistency, but frustrated by its ever-inward reference to itself, that is to Blake in his literary and mystical aspects.

For the work does not, nor does it ever suggest that it does, stand alone and self-sufficient, but rather is always emphatically literary in its illustrational reference to Blake's own and others' writings. It must also be said that in his idiosyncratic blend of neo-classical convention, romantic sentiment and profound personal and religious symbolism, Blake one moment produces images of the greatest power, both in imaginative and in directly visual terms, the next of the purest bathos. And it is conspicuously to Mr Butlin's credit that all are treated alike to his admirably disinterested commentary. The value, the point of the exercise, is to present the material definitively, and leave it at that: it is for others, better scholars or worse critics, or whatever, to come to their own conclusions. Blake himself will never want for partisans.

Schiller Theater, Berlin

Penthesilea

by RONALD HOLLOWAY

The Hans Neuenfels production of Heinrich von Kleist's *Penthesilea* at the Schiller-Theater in West Berlin is remarkable in many respects. It is, first of all, a dramatic prelude to the forthcoming gigantic Prussian Art Exhibit in the city (August 15 to November 15): this all-embracing salute to Prussian history, heritage and culture will be the largest show of its kind ever staged in the post-war period.

But it is also a tribute to the great Prussian poet-dramatist Kleist (1777-1811), whose *Penthesilea* (written 1807) is considered by most theatre experts to be "impossible to stage," the tragedy of the Amazon Queen is a pleasure for the ear but transcends the boundaries of theatrical device. Still, what better arena for a well-spoken Kleist than the stage of one of Germany's grandest theatres?

It is said that Kleist, upon completing *Penthesilea*, charged from his room to announce that the Amazon Queen is dead. Four years later, the author took his own life—the psychological dimension in his plays was not fully recognized until nearly a century later, a disappointment that tortured both mind and soul.

Penthesilea is today one of the few magnificent and challenging roles in German theatre for actresses: Maria Wimmer proved two decades ago that a career could be carved from precisely this kind of victory on stage — particularly the closing scene, in which the love-striken queen expires from a broken heart. Little wonder, then, that few productions of *Penthesilea* are memorable, while the equally attractive and expressive supporting roles for women also require a sound ensemble to achieve notable success. The Frankfurt Schauspielhaus printed a 184-page booklet of essays on Kleist and the tragedy for its commendable 1978 production of *Penthesilea*, directed by Frank-Patrick Steckel.

The scene is the battlefield of Troy. The Amazons with their queen, Penthesilea, have come to capture sturdy soldiers to provide for the continuation of their sex. Upon seeing Achilles, Penthesilea is smitten by love — the law of the Amazons, however, demands that she defeats the combatant of her choice in battle. She falls into a faint not knowing the outcome of the struggle, affecting a fortuitous opportunity for Prothoe, an Amazon princess, to intercede for her queen with Achilles.

In a second encounter, Achilles allows Penthesilea to win and thus achieve a double-victory for their love. But upon learning the truth from Achilles' own lips, she is consumed by love-hate, kills him, and in a daze rends his flesh. Recovering once more, she is told the truth about her actions—whereupon, from her torn emotions, she tempers a dagger to hard steel, points it to her breast, and thus dies of a broken heart.

Hans Neuenfels trimmed the text to his actors, and all the principals responded to the challenge with crisp clarity: Elisabeth Trissenaar (Penthesilea), Katharina Thalbach (Prothoe), Nicole Heesters (Asteria), Verena Peter (Meroe), Lieselotte Rau (High Priestess of Diana), and Hermann Treusch (Achilles). But the closing scene was reduced to a simplification: the hacked corpse of Achilles has been stuffed in a set of suitcases oozing with blood, over which Penthesilea broods as though she has lost the key — expiration due to a broken heart has been discarded, and with it the momentum of the play.

A scene from the Dance Theatre of Harlem's Scheherazade

Agon by CLEMENT CRISP

The virtues of good choreography, its power to enhance and ennoble dancers, were never more apparent than in the Dance Theatre of Harlem's programme on Tuesday night. Two Balanchine pieces — *Concerto Barocco* and *Agon* — showed off the company as artists, gave them a clean, clear identity. *Agon*, indeed, received an exceptionally persuasive performance (far superior to the orchestra's clattering account of the score) with a brilliant statement of the second trio from Donald Williams, Keith Saunders and Virginia Johnson, matched by a sterling view of the great duet from Stephanie Baxter and Mel Tomlinson. Strong, musical dancing — not an accent missed, no slackening of the tension — revealed all the sublimities of the choreography here, and after a slightly clouded presentation of the first quartets, the beautiful inevitability of Balanchine's inventions was everywhere honoured.

In *Concerto Barocco* there were uneven moments, but the best quality of the DTH manner — its sense of integrity, of physical honesty — seemed well suited to the celestial patternings of the dance, and Judy Tyrus and Elena Carter as the embodiment of the violin voices had the proper simplicity of presence.

The rest of the evening's activities relied upon matters rather more mere. *Royston Maldoom's Adagietto No 5* is for a trio—Stephanie Baxter, Joseph Cipolla, Donald Williams—who indulge in a sculptural adagio act while part of Mahler's fifth symphony goes its saturated way. There was a replay of the *Corsaire* duet on which I reported after the opening night, and Geoffrey Holder's *Dougla* struck what seems to be a statutory ethnic note with simplistic routines which rely upon exotic costumes and an unconscionable amount of drumming. The dancers work like things possessed to make us believe in what they are doing, but it is Balanchine who makes them credible.

Record Review

Padilla and Puritani

by MAX LOPPERT

Donizetti: Maria Padilla. Lois McDonall, Christian du Plessis, Graham Clark, Della *Jones, Ian Caley/Geoffrey* Mitchell Choir, LSO/Alun Francis. Opera Rara OR6 (3 records in box).

Bellini: I Puritani di Scozia. Montserrat Caballé Alfredo Kraus, Matteo Manuguerra, Agostino Ferrin, Julia Hamari. Stefan Elenkov/Ambrosian Opera Chorus. Philharmonia/Riccardo Muti. HMV SLS 5201 (3 records in box). Also available on cassette.

The Opera Rara collection of lesser-known 19th-century operas grows apace, and ever more valuable. *Maria Padilla* (La Scala, 1841), one of Donizetti's late operas, marking his return to Italy after an important and successful sojourn in Paris, was unearthed after a long burial for an Opera Rara concert performance at the Queen Elizabeth Hall in 1973. That event disclosed, and this carefully prepared recording (made in collaboration with the Peter Moores Foundation) confirms, a work powerful but uneven in dramatic content, at its best richly rewarding in musical.

For his plot Donizetti returned to the French playwright François Ancelot (who had earlier given him *Roberto Devereux*). The titular heroine is ostensibly mistress, in fact secret wife of Pedro the Cruel of Castille. Originally, composer and librettist Gaetano Rossi planned her suicide after discovery of Pedro's intention to contract a marriage of state convenience with Blanche of France. The Austrian censorship at Milan forbade the suicide. In the first form of the opera her death was a "natural" one—Maria, acknowledged by Pedro after all, dies of joy. For Trieste the following year, Donizetti improved somewhat, though not hugely, this absurdity; Maria retains her public installation as queen, and celebrates it in a final cabaletta flurry.

In the words of Jeremy Commons, whose scholarly long essay accompanies the records, Donizetti may have "plastered over the cracks in masterly fashion and brought down the *curtain in a way he knew would* delight the audience: with a scintillating, show-stopping cabaletta." But cracks they are, and have to be recognised as such.

Especially when most of the piece has already shown at its most remarkable the distinctively sombre cast of mind, the sustained thoughtfulness, of Donizetti's later serious operas—and shown, too, those innovative approaches to form, vocal characterisation, and instrumental colouring, in ways that must *continue to widen our* whole understanding of what constitutes "typical Donizetti." The presence in the La Scala cast of the ageing tenor Donzelli and the young baritone Lion Ronconi may have forced the unusual role distribution: tenor as Ruiz, Maria's aged father—after physical manhandling by Pedro he goes mad—and baritone as lover, albeit of a volatile and equivocal kind. Donizetti capitalised on this, as he capitalised on the experience of having recently produced for Paris, with all its enriched *theatrical resources. La Favorite*—another Donizetti opera with a complicated Iberian aristocrat in baritone guise, a star-crossed mistress, and a bevy of malign courtiers indulging in ironical choral whisper.

The new features of the opera make their most notable impression of originality in the long first scene of Act 3, its central core. Maria and the distracted Ruiz sing a long and beautiful duet, masterly in its dramatic continuousness and flexibility of design (which takes in snatches of song that his addled brain tries to recall and which she then expands in long-lined *cantabile)*—a Verdian father-daughter duet before Verdi, as it were. *(Maria Padilla* came earlier in the same Scala season that was *to* introduce *Nabucco*.) The timbre of the cor anglais, which has already provided the sole support of a superb trio for Maria, sister Ines (mezzo) and brother-in-law Luigi (second tenor), haunts the scene.

This is the most remarkable music in the opera, though there is much else of unusual *interest — a long,* Bellinian duet for the sisters in Act 2, a pithy, concise ensemble bringing the same act to its close, *dramatic confrontation* between Maria and Pedro ("Stop there! That crown is mine," she cries). There is also a *predictable*, though relatively insubstantial, quotient of formula Donizetti, reaching its climax in that final cabaletta. That is not what one remembers about the opera.

Opera Rara has done it justice. The recording is good. The packaging is handsome. Though minuscule lapses in ensemble can be detected here and there, the LSO betrays its presence in the firmly stated string figures, the lucid wind solos, the general strength and fullness of attack. Several experienced London Donizettians have been invited into the recording studio. In the title role, Lois McDonall is eloquent, subtle, and various; the tone may be tight, sometimes in a *cloud* or *under strain, seldom* freely blossoming, but the style is finely tuned. Christian du Plessis, Pedro, is always well employed in Donizetti, even if a slight sense of under-vitalisation continues to make itself felt in his delivery.

Ian Caley, Roderick Earle, and especially Della Jones (the one completely equipped performer of the cast) have all something useful to contribute to the smaller roles. Indeed, the only disappointment is Graham Clark, shallow and hard (the timbre of his tenor is all *wrong for Ruiz*), *cutting the* phrases into rough, square chunks. The set is available from Opera Rara (8, Haverstock St, London N1; price, £14.50). It represents something special in the opera catalogue. *Pia de' Tolomei* next, please!

Apart from Della Jones, who eclipses her mezzo equivalent, Julia Hamari, in the new *Puritani*, HMV's array of voices explain the difference between a celebrated international cast and a musicianly, scrupulously prepared local one. And Muti makes a difference. Bellini's magical horn calls, stormy tableaux, delicately worked accompaniments, all glitter and tingle, each line purposefully traced, each strand exactly placed. Yet it seems to me, after intertwined listening to *both sets, that the Padilla* affords, finally, a more complete view of a *bel canto* opera.

In this, too, Muti makes a *difference*. The major difference: his genius (as evidenced in the recent Covent Garden *Macbeth*) for seizing upon a tempo fractionally or even markedly wrong, and then insisting upon it with all the prodigious energy and determination at his command, transforms this into a Conductor's Opera *malgré tout*. The famous duet for baritone and bass, "Suoni la tromba," becomes faintly ridiculous, not more rousing, at the point where its call for *più maestoso* is answered by a thrust on the accelerator. The fabled Romantic drama—a complete Romantic *Festival in itself—is felt in* sections, not in movements.

Unlike Bonynge/Sutherland on Decca, Muti has opted for the unamplified original version of *Puritani*, with (regrettably) none of the expansions that Bellini effected in his not-to-be-performed revision for Palermo and Maria Malibran. (When will some leading mezzo show us what the quintessential soprano role of Elvira becomes when recast for the lower voice?) No added high notes, no embellishment—puritan-plainness is the order of the day. As it happens, the ordinance of strictness suits the Elvira, Montserrat Caballé, whose high notes supply now the least enjoyable moments of her performance. Elsewhere, she is much like the Caballé loved and admired of old, the long-lined, finespun soprano of the hundred melting *piano* shades; Muti also urges from her rhythms more alert than those to which we have recently become used. This is not the Elvira of high-tragic Callas or the ample-voiced Sutherland; Caballé's, radiant and pathetic, is the third way.

But the triumph belongs to Alfredo Kraus, who crowns his too-infrequent appearances on record with an immaculately executed exemplar of Bellini tenor singing — we have to go back to Bonci or Anselmi, both of whom command the tones of charm and gentle caress, of soft as well as full-throated ardour resisted by Kraus, to find its equal and (in parts) its superior. Good support of the modern kind — which means that the baritone lacks lift and lightness in his semiquaver figuration, and that the bass lacks true magnificence of tone for "Cinta di fiori" from Manuguerra and Ferrin. And, as a whole, a curious experience of the opera — wonderful in parts, an incomplete whole.

Arts news in brief

Japanese works of art will flood London in the autumn when the Great Japan Exhibition opens at the Royal Academy. As a foretaste Sotheby's is playing host to part of one of the best western collections of Japanese ceramics—that acquired by the late Gerald Reitlinger—from August 2-28.

The exhibition contains about 130 of the finest items from the Japanese section of the collection of more than 4,000 pieces which now has a permanent home in the Ashmolean Museum. A feature of the collection is the early enamel wares and 17th century porcelain. Reitlinger, although a leading authority on money and art, built up his collection out of love rather than as an investment and was buying just after the Second World War when Japanese works of art were inexpensive and much overshadowed by Chinese art.

*

The British Film Institute is contributing a major share of the finance for Watershed, Britain's first media and communications centre, which will open up the world of modern communications systems for public participation.

The first phase of the project, housed in two listed Victorian warehouses on Bristol's quayside, will be in operation by the end of the year. There will be a cinema, a viewing theatre, bars and a restaurant. There will also be information, study and resource facilities alongside production workshops.

The BFI has given a £100,000 grant and donated all the projection equipment to help get the project under way. Priority funding thereafter will help it to keep up with and ahead of developing techniques.

*

The British premiere of Neil Simon's *Chapter Two* opens on August 24 at the Lyric with Peter Jones directing. Heading the cast are Maureen Lipman as Jennie Malone and Gary Waldhorn as George Shneider.

Neil Simon first gained recognition as scriptwriter of *Sergeant Bilko*. It was *Barefoot in the Park* that made him famous. Since then his plays include: *The Odd Couple; Plaza Suite; They're Playing Our Song; The Prisoner of Second Avenue; Last of the Red Hot Lovers; California Suite;* and *The Sunshine Boys*. He is the only playwright to have four plays running on Broadway simultaneously.

*

The 1981 BP award for the most popular work in the Summer Exhibition has been won by Mr Robert Lowe for his painting "*Tales of the Alhambra.*" This is the second time the coveted £1,200 award has been made by BP and the presentation to the winner was made on Tuesday by Mr Alan Gregory, UK Director of BP International, and Sir Hugh Casson, president of the Royal Academy of Arts.

Robert Lowe's picture hangs in Gallery VII and is a large oil painting of a Spanish scene.

New End, Hampstead

Decadence

by ROSALIND CARNE

Steven Berkoff describes his new last play as "a study of the ruling classes or upper classes." It is an intensely personal vision, ranging somewhere beyond caricature, as if the author/performer had honed down his view to its essentials, then proceeded to build these into larger than life proportions. The effect is not unlike that of the Mike Leigh school of improvisation, though marginally more grotesque, for there is not a jot of sympathy here.

Helen and Steve are a monstrous pair, stamped by excessive and depraved appetites, *rather than any recognisable* lust for, or enjoyment of, power or position. A scheme by Steve's upwardly mobile, working-class wife Sybil, to have her husband killed by her lover, Lou, provides a faint storyline.

Activity is principally verbal, taking place on and around a large cream sofa. Alternate white and yellow lighting gives extra definition to the upper and lower echelons as the episodes flash by. An irregular leer replaces a manic grin, an absurd cockney takes over from an exaggerated Windsor raft and Steve becomes Lou. Actress Linda Marlowe lengthens her vowels, softens and vulgarises her pointed gestures, and Helen becomes Sybil. Both she and Berkoff are virtuoso performers whose perfect timing and control creates an absorbing show from material which is occasionally witty, but quite as nauseating as it is entertaining.

The upper-class is depicted as infantile, rapacious, bored, emotionally stunted and sexually inept. Each uses the other as a form of release. Steve spews out his ghastly childhood reminiscences principally boarding school buggery. Helen mimes the hunt, riding to hounds on her lover's back till he is close to expiration and she to orgasm. Sex for each is inextricably bound up with fetish. Uncomfortable copulation, fully clothed, at the corner of the sofa, serves as a scenic link with the no less revolting Sybil and Lou, whose principal pleasure is in planning lurid tortures in order to dispose of the other two.

At the close of the evening, when Helen and Steve have all *but vomited up their expensive* Italian meal, Berkoff lectures the audience. I say Berkoff, for Lou's ridiculous accent has been toned down to a regular East End burr. But his explication of class is artistically extraneous — the preceding horrors have made their point sufficiently well. Sybil follows this up with some cynical advice to her sisters—don't let men use you, use them. Her last word is "liberation." It should be "survival" as it is hard to detect the roots of rebellion in this masterly compelling splatter of decadence.

Jeans company sponsors Camden Jazz Week

This year's Camden Jazz Week festival, the 13th, will be held between October 26-31. The event will be sponsored by Dickie Dirts, the jeans and casual clothes company. Concerts will be held at the Round House, Chalk Farm Road, London, NW1.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1980							
1st qtr.	109.9	100.3	100	110.2	158.6	1,379	193
2nd qtr.	106.6	97.1	98	109.2	164.3	1,498	159
3rd qtr.	103.4	93.5	84	108.9	170.3	1,699	120
4th qtr.	100.6	89.4	79	109.0	205.2	2,020	98
Nov	100.6	89.4	82	109.2	192.8	2,030	96
Dec	100.0	88.4	79	108.4	236.0	2,137	99
1981							
1st qtr.	99.1	88.2	97	112.7	174.4	2,304	100
2nd qtr.				111.0		2,507	89
Jan	98.7	88.0	90	114.0	177.6	2,228	104
Feb	99.4	88.6	91	112.9	170.1	2,304	98
March	99.2	87.9	109	111.4	175.3	2,381	97
April	98.8	88.1	92	111.4	181.6	2,452	94
May	98.0	87.2		110.6	177.1	2,515	92
June				111.0		2,552	83
July						2,582	92

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1980							
1st qtr.	104.5	101.8	123.6	99.4	57.3	92.1	13.3
2nd qtr.	98.0	97.5	123.3	94.0	94.2	85.8	15.2
3rd qtr.	97.0	96.0	117.2	91.9	76.6	82.2	12.5
4th qtr.	93.9	90.8	116.9	85.9	70.6	77.2	10.1
Nov	94.0	91.0	117.0	86.0	73.0	78.0	11.2
Dec	93.0	89.0	117.0	84.0	70.0	76.0	7.1
1981							
1st qtr.	93.6	86.6	117.0	82.6	76.4	78.2	10.6
Jan	93.0	87.0	116.0	83.0	74.0	77.0	10.1
Feb	94.0	86.0	118.0	82.0	77.0	79.0	11.1
March	93.0	86.0	118.0	82.0	78.0	79.0	10.8
April	93.0	87.0	117.0	84.0	77.0	76.0	12.4
May	92.0	86.0	117.0	82.0	80.0	76.0	14.7

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
1st qtr.	133.0	126.9	−388	+ 54	− 95	101.0	24.87
2nd qtr.	126.2	126.2	−320	− 88	− 11	103.4	28.15
3rd qtr.	125.1	118.7	+616	+870	−157	105.5	28.05
4th qtr.	126.5	111.8	+1,269	+1,885	+222	105.6	27.90
Oct	124.5	106.3	+506	+711	+133	105.3	28.03
Nov	129.4	114.6	+410	+615	+ 54	105.6	28.19
Dec	125.7	114.5	+353	+559	+ 35	105.1	27.48
1981							
1st qtr.							28.34
Jan	123.9	101.3	+742	+1,042	+210	106.4	28.39
Feb	121.7	114.3	+314	+614	+231	105.1	28.43
March							28.21
April							28.07
May							26.49
June							25.63

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1980							
2nd qtr.	− 1.5	10.7	23.3	+3,472	697	1,964	17
3rd qtr.	11.8	36.1	45.2	+6,336	1,090	1,933	16
4th qtr.	8.8	20.1	11.2	+3,327	1,253	1,793	14
Nov	6.2	17.7	7.7	+ 971	285	559	14
Dec	16.1	20.9	7.0	+ 925	448	605	14
1981							
1st qtr.	6.4	8.6	12.4	+1,343	1,081	1,884	12
2nd qtr.	23.1	16.3	6.5	+4,145	1,103		12
Jan	5.8	11.7	10.0	+ 345	446	620	14
Feb	13.0	7.8	12.8	+ 149	366	638	14
March	0.8	6.4	14.2	+ 849	269	626	12
April	25.3	13.4	3.9	+2,024	296	655	12
May	22.1	18.9	6.9	+ 968	436	608	12
June	21.9	16.5	8.7	+1,153	371		12

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1980							
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	94.5
3rd qtr.	188.4	201.9	203.6	268.9	259.3	275.13	96.7
4th qtr.	193.3	203.3	206.1	273.9	260.7	269.25	100.2
Nov	192.6	203.4	206.2	274.1	260.0	270.56	101.1
Dec	197.3	205.1	206.7	275.6	262.7	262.53	100.2
1981							
1st qtr.	195.3	213.8	212.2	280.4	268.7	257.79	101.2
2nd qtr.				294.0	277.0		
Jan	193.3	209.7	209.9	277.3	266.7	251.88	102.0
Feb	194.8	214.0	211.9	279.8	268.9	259.93	102.5
March	197.8	217.8	215.1	284.0	270.6	261.56	99.7
April	199.3	221.3	218.0	292.2	274.2	258.61	99.2
May	201.5	226.1	219.2	294.1	276.7	255.14	98.8
June		229.5	221.0	295.8	280.0	245.07	95.4

* Not seasonally adjusted

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday July 30 1981

Poland faces its creditors

OMINOUS SIGNS emerged from Warsaw this week that Poland's response to the rescheduling proposals drawn up by its 460 creditor banks in the West may not be as favourable as seemed at first sight.

The essence of these proposals is that repayment of $3bn in debt falling due in the last three quarters of this year will be deferred until 1988 provided Poland supplies the banks with a detailed economic recovery programme.

Unco-operative

Mr Zygmunt Krolak, a senior official of Poland's Foreign Trade Ministry, said in an interview with the Polish news agency PAP that Poland was not happy with the rescheduling talks so far. He accused U.S., West German and French bankers of being unco-operative.

Western bankers are trying hard to discount the importance of this type of statement. They say that Poland has still to formulate its considered reply to the proposals and that when it comes there is still every hope that it will be positive.

It is perfectly plain that Poland cannot relish having to accept conditions imposed by the banks. This would require the provision of economic information never before supplied to Western commercial institutions, including details of Poland's financial relationship with the Soviet Union.

Yet Poland would be playing with fire if it refused to try to meet the conditions requested. A flat "no" to the proposals presented to its delegation in Zurich last week would almost certainly entail the disintegration of the fragile consensus wrought so painfully among the 460 banks which have together lent the country more than $16bn.

The patience of some of these banks is already under strain and a failure by Poland to agree at this stage could easily trigger a declaration of default by one of their more exasperated number.

If that happened the banks would be forced (by cross default clauses in loan agreements) to call in all their outstanding loans to Poland. Western governments, many of which have shown considerable interest in keeping Poland's liberal political experiment alive, would then be very hard put to chip in with even the $2bn in new money which Poland says it needs to put its economy back on its feet. Some key governments would be legally prevented from doing so when banks still have outstanding claims on Poland.

Whether it likes it or not Poland's massive $27bn debt to the West makes it irrevocably committed to the Western way of dealing with debt problems. And no Western private sector bank can be expected to write a blank cheque for a customer who, on his own admission, has run out of resources to pay off his debts.

No exception can be made for Poland in this respect. Indeed bank supervisory agencies, particularly in the U.S., would almost certainly look askance on an unconditional rescheduling agreement which meant passing off bad loans as if they were good.

The problem is that the banks themselves have very little experience in setting economic conditions for governments.

Expertise

Western governments have already persuaded Poland to accept a degree of conditionality in their own rescheduling agreement signed in April, but the real expertise in setting conditions for economic recovery in countries with balance of payments difficulties lies with the International Monetary Fund of which Poland is not a member.

Earlier this year the question of Poland rejoining the Fund was being debated actively in Warsaw and tentative discussions with the Fund itself are thought to have been instituted. But almost as quickly as Poland raised the issue it seemed to dismiss it as being politically inexpedient.

New discussions on rescheduling loans maturing in 1982 with both banks and Western governments will inevitably be started in the autumn and loans falling due in 1983 may also have to be rescheduled as well.

With the banks in their present mood and Poland in acute need of additional inflows of cash it might be wise for the government in Warsaw to reconsider the attractions of joining the IMF. Such a course would certainly smooth the path of future talks with Western creditors.

The Labour-TUC alternative

IN THE MIDST of the convulsions in its leadership and in its relationship with the trade unions, the Labour Party has found it difficult to formulate economic policies which stand up to detailed examination in the light of past experience and present realities. Its attacks on the Government and its repeated commitments to full employment and reflation have sounded fanciful, since they have frequently ignored the constraints faced by Labour governments in the real world. The result has been a vacuum of serious and constructive opposition to Government policies which ministers have exploited to the full.

Strategy

For this reason alone, the document on "Economic issues facing the next Labour government," issued last week by the TUC-Labour Party liaison committee deserves to be taken seriously.

The constraints which the TUC-Labour paper identifies are unremarkable. Inflation, manpower, industrial structure, public sector finance and the balance of payments are widely recognised as potential obstacles to a policy of fiscally induced expansion. Nevertheless, in Britain's current political climate, even having these listed in an official Labour policy statement is no mean achievement for the party's realists.

The paper goes further and refers specifically to problems such as the "low level of profitability in British manufacturing;" "the outdated obstacles to the expansion of training" created by unions as well as managements; the fact that "any increase in the level of borrowing will have to be financed;" the need for "major economies to adjust to structural imbalances in trade" after the oil crises; most importantly, the "experience that a return to expansion will also bring with it serious new pressures on inflation."

However, the recognition of such problems leads the TUC and the Labour Party to very different conclusions from the ones that we would draw. Instead of raising questions about the feasibility of an enormous programme of fiscal expansion in the face of distorted, uncompetitive markets at home and a depressed outlook for world trade, the liaison committee sticks to its insistence that full employment can be secured by increasing public spending and (possibly) cutting taxes. The caveat which is now added is that the Government must intervene very much more heavily than before to distort markets even further in order to give the programme of fiscal expansion a chance of success.

For each obstacle created by malfunctioning markets, the liaison committee would recommend an institutional reform which would create a still more imperfect market. But economic theory and experience suggest that better results are achieved in the long run if institutional reform is aimed at freeing markets.

On inflation, the document acknowledges that "the labour market will tighten . . . as we make progress in cutting back unemployment." It concludes from this that "an agreed policy to control inflation will be essential to safeguard expansion." It would have been too much to expect a document from the TUC to discuss the alternative, which is to break down monopoly power in labour markets so that the link between demand for labour and and inflation is weakened. However, the liaison committee's proposal to institute wide-ranging price controls, supplemented by unspecified "other action" on costs (the dreaded concept of "incomes policy" cannot, of course, be mentioned), goes further in the wrong direction than might have been hoped.

On trade and capital movements, the liaison committee ties the Labour Party more firmly than ever to import controls, exchange controls and management of the exchange rate.

Contradictions

It is to be hoped that the liaison committee's document will help the Labour Party to formulate a more coherent set of policies by bringing contradictions such as these out into the open within the Labour movement. However, there is still every reason to fear that the resolution of such contradictions will lead the Labour Party into ever more extreme directions and away from the view that a properly functioning market, rather than government intervention, provides the soundest basis on which to construct a thriving mixed economy.

U.S. ACQUISITION SCRAMBLE

The making of a merger wave

By Paul Betts in New York

"I think we are going more and more towards a perfect auction environment," said Mr Bruce Wasserstein, co-managing director of mergers and acquisitions at First Boston, the investment bank representing Du Pont, the chemicals company in the thick of the gigantic takeover battle for the oil company, Conoco.

As Mr Wasserstein was speaking in his cluttered Wall Street office, a colleague chewing a big cigar walked in to say a company had $2bn to splash around and wanted to know what to do about it. Minutes later, the chairman of another leading chemicals company known to be shopping around for a major acquisition was on the telephone. "This is a crazy business and this is a crazy season," Mr Wasserstein mumbled.

The current merger boom in the U.S. is unprecedented. Mr Willard Grimm, whose Chicago firm has the oldest and most extensive merger data bank of its kind, calculates that in the first half of this year $35.7bn has been spent on acquisitions. This is 60 per cent more than during the first half of last year.

It represents already 80 per cent of the record $44.3bn for the whole of 1980, and the latest figures do not include the $8bn-plus bidding battle for Conoco — a merger which according to Mr Grimm will set an all-time record for size.

Other records are being broken too. The banking system has already agreed to lend companies more than $40bn to finance the current merger wave at a time of near record high interest rates. What is more, the banks, once reluctant to finance takeovers hostile to their clients, seem to have lost all their past inhibitions.

Equally striking is the relatively muted protests which the current merger wave has so far provoked, especially among liberal politicians and academics who previously would have howled at the very thought of a Mobil-Conoco or for that matter Du Pont-Conoco combination.

This is all the more surprising if one considers that barely two years ago "Big Oil" was universally regarded as the bad guy of big business. Mobil, in particular, was singled out, seemingly unfairly, by former president Jimmy Carter "as perhaps the most irresponsible company in America."

For the past two years, Big Oil has strived to improve its public image, buying considerable prime national television time to promote itself as a good corporate citizen.

The most popular explanation of the current merger wave is that the coming of the Reagan Administration has opened Pandora's box. The Democrats and liberals, after last November's landslide Republican victory, are still reeling. As Mr Grimm puts it: "The feeling that the new Administration is adopting more lenient policies towards business and competition, the willingness of the banks to lend enormous sums have both contributed to the heightened merger activity at a period when we find large corporations developing excessive amounts of cash or liquid funds."

Yet even before President Reagan's election, the merger wave had been gathering momentum. For some time, according to Mr Wasserstein, "there has been a growing perception that the rules on competition for the sixties have been overtaken by the business conditions of the eighties."

Mr David Bauer, an economist with the conference Board, one of the leading U.S. business research groups, says one of the main reasons is that American business has been forced to learn to live with inflation. "This," he claims, "is the basic underlying reason for the growing wave of mergers and acquisitions.

"The idea of making an acquisition as a hedge against inflation has been gathering steam. This was not critical in the 60s when inflation was in the low single digits."

The physical assets of natural resources companies are at the centre of the current takeover fever. As one banker put it, the stock market has undervalued natural resources companies to such an extent that "the cheapest place to buy oil these days is on Wall Street."

Indeed, for many companies with substantial cash and liquid assets, acquisition is "the most easily justifiable investment—and perhaps the only justifiable one." Professor George Benston of Rochester University claims in a paper on mergers. The main alternatives are either investing in one's own business or declaring a cash dividend, and both, at the present time, seem far less attractive.

Investing in one's own business involves in the short run far greater risks than acquisition. In current sluggish economic conditions, companies have become reluctant to allocate capital to building new plants and creating greater capacity, especially if they can practically double their existing size by buying undervalued assets. As for dividends, the existing corporate and personal tax structure makes dividends less valuable to stockholders, encouraging the retention of earnings.

In the 1960s, Mr Bauer explains, the vogue for conglomerate mergers developed because managements sought counter cyclical businesses and believed strong management in itself could absorb and run a business even if it had little or no experience in the business acquired.

The conglomerate merger is no longer in vogue. Some recent diversifications, like Mobil's acquisition of Montgomery Ward, the large retailer, or Exxon's acquisition of the Reliance electric company, have been costly and disappointing. In its place has come the inflation hedge investment, and even more recently what Mr Wasserstein calls "the corporate restructuring fad."

The First Boston banker explains: "Unlike the sixties, people are now coming to say, 'does our company make sense?' The result is that many companies have been selling bits and pieces which do not fit." In turn, these companies have also been shopping around for acquisitions which would fit in their corporate mould.

Divestitures and new acquisitions have both contributed to the remarkable growth of merger volume in recent months. But there is more to it than that. The bolder approach companies are now taking—even to the extent of challenging existing anti-trust laws—is also the result of what U.S. business regards as a greatly changed competitive environment.

"The argument is that U.S. companies are now competing in a global market," says Mr Bauer. "A very large company in the U.S. does not necessarily mean it is very large in an international sense. With foreign competition, and for that matter foreign acquisitions in the U.S. increasing, many companies feel that the laws governing competition in the domestic market handicap them. You must remember that General Electric is not only competing against Westinghouse but also against Siemens."

Mr Lloyd Hand, senior vice-president of TRW, the high technology, aerospace and defence group, appeared before a house judiciary sub-committee last week and spoke on the subject of competition. "As part of an effort to strengthen our domestic and international competitiveness, anti-trust policies must be re-thought," he said. He urged greater consolidation of companies and industries, particularly those threatened by foreign competition.

His words were echoed by Mr Douglas Fraser, the president of the United Auto Workers union. Mr Fraser said he was not speaking out against the current merger wave because it was saving jobs of workers. He then added: "I'm for mergers particularly when you can strengthen companies. In the short pull for Chrysler and the long run for Ford, it's almost a necessity."

This argument appears a little thin when applied to oil companies. A combination of such gigantic proportions as Mobil-Conoco is clearly provoking concern in the U.S., even in the oil industry itself.

Mr George Keller, chairman of Standard Oil of California, has described such a merger as "a terrible challenge to the anti-trust laws." And his fears reflect concern that a political backlash could jeopardise other mergers including Standard California's own long drawn out and so far unsuccessful attempt to take over Amax, the minerals company.

Critics of big mergers claim that such giant combinations often do not lead to greater efficiencies but to greater industrial bureaucracies which do not benefit productivity and long-term economic and industrial growth.

Mr Bauer, of the Conference Board, is also worried that the latest merger wave could jeopardise small businesses. These smaller companies, which account for a predominant percentage of total U.S. employment, already compete with large groups which are now growing larger. They do not have the same capacity for borrowing as the big groups at a time of high cost money.

In turn, they become targets of takeovers and have little defence available. The chairman of one medium-sized company who preferred not to be named claimed: "The big guys are not after productive investments. What they are after is asset stripping."

The businessman, whose company is currently fighting a takeover, said: "For short-term balance sheet benefits, American industry spends its time buying and selling. This is no way to improve productivity. Our industry is not building. Small wonder the Japanese are laughing at us."

Mr Peter Rodino, chairman of the House Judiciary Committee, warned last week: "If the cash in corporate treasuries isn't invested to promote long-term growth but is spent instead to acquire the assets of other firms, a major potential source of investment has been dissipated."

The recent demand for billion dollar credit lines, he claimed, could drive up interest rates "to the detriment, for example, of the auto industry, the housing industry and small business."

Other critics point out that in 1980, U.S. companies spent more on mergers and acquisitions than on basic research and development.

There can be no doubt that the Reagan Administration has so far set a political tone which has encouraged mergers despite the opposition aroused by the more spectacular deals.

Throughout his successful election campaign and in his first acts in office, President Reagan has shown his determination to support big business and unshackle it from the burden of what he calls over-regulation. The prevailing mood in the Justice Department and in other key government regulatory agencies is "bigness in business is not necessarily bad," to cite the popular slogan of Mr William French Smith, the Attorney General.

Big business, and in particular the oil lobbies have never had it so good in Washington. Mr Donald Regan, the Treasury Secretary whose former Wall Street firm Merrill Lynch, is currently acting for Mobil in the Conoco takeover battle, said last week he was not unduly concerned about mergers involving big oil companies. "Let's face it, our economy is growing, our nation is growing, the world is growing. So why shouldn't companies grow?"

Mr James Miller, whom President Reagan recently nominated as chairman of the Federal Trade Commission (FTC), the government agency which more than any other cracked down on monopoly power in the 1970s, turned up to his Senate confirmation hearing this week wearing a tie covered with little busts of Adam Smith. An economist, Mr Miller was until recently the executive director of President Reagan's task force on regulatory relief. This was set up to review and reduce the amount of federal regulations on business. He too believes that mergers which create bigger corporations sometimes result in more efficient industries.

At the Securities and Exchange Commission, the new chairman, Mr John Shad, was until his appointment vice-chairman of E. F. Hutton, one of the leading Wall Street brokerage houses, where he specialised in mergers and acquisition. He also believes that there is "a net economic gain" in large mergers.

The question now is whether the recent spate of oil-related merger moves will reverse their formidable cumulation of sentiment in favour of bigness in business.

"Companies have jumped to the assumption that under a Reagan Administration anything will go," says Mr Ira Millstein, a New York anti-trust lawyer and a former chairman of the American Bar Association's anti-trust law section, "but it is too early to say that the anti-trust division has collapsed."

Mr Millstein claims there has never been much difference in the last 30 years in the application of anti-trust by Democrats or Republicans.

In a stock market which offers mineral resources at a discount, big American companies are not waiting to find out whether he is right.

THE MERGER TREND

	Number of transactions at $100m or more	Number of transactions at $500m or more	Total amount paid for all transactions (in $bn)
1975	14	1	11.8
1976	39	4	20.0
1977	41	2	21.9
1978	80	5	34.2
1979	83	14	43.5
1980	94	15	44.3
1981 (first half only)	55	12	35.7

Source: W. T. Grimm and Co. (1981 figures for first half do not include Dupont-Mobil offers from Conoco).

THE FIVE BIGGEST DEALS IN 1981

CONOCO	—Three bids (so far): Seagram $4bn for 51% Mobil $8.2bn for 100%; Du Pont $7.5bn for 100%
TEXASGULF	—Acquired by Elf Aquitaine for $4.3bn
ST. JOE MINERALS	—Acquired by Fluor for $2.7bn
KENNECOTT	—Acquired for $2bn by Standard, Ohio
NABISCO-STANDARD BRANDS	—Two food groups merged in a transaction worth $1.8bn

MEN AND MATTERS

Freewheeling Phillipps

TI Raleigh staff stayed loyally at their desks yesterday, persuaded by Ian Phillipps to keep the wheels of the recession-hit British bicycle industry turning.

Phillipps, however, remained at his Nottinghamshire farmhouse, watching the Royal Wedding on television and pondering his future following his resignation the previous day as chairman and managing director. The exact cause of his departure continues to be something of a mystery, and Phillipps was in no mood to expand on the company's statement.

"Talk of a board room split is too dramatic," he insisted, "but there is a difference of opinion between myself and Sir Brian Kellett, the group chairman, about what is practical and possible to achieve."

After setting up TI's domestic appliance group he was drafted to Raleigh in 1974 and quickly made a mark with improved productivity and radical changes in working practices. However, the recession turned what looked like a profitable future into a gloomy one with bicycle sales down 50 per cent.

Of his own future, Phillipps remains philosophical. "After 36 years in industry and more than 10 as a director with one of Britain's leading companies, I have something to offer."

As vice-chairman of the East Midlands' CBI and, perhaps, more important, a member of the Quorn Hunt, Phillipps at least has some useful contacts. Prince Charles, a fellow huntsman with the Quorn, spent two days with Raleigh as part of his introduction to British industry.

Credit cards

San Francisco, traditional home of eccentric American liberalism, is just recovering from a "panel session" on monetary strategy, run by the Western Economics Association. The panellists, by all accounts, performed with all the knock about wit of economist Marx Brothers.

Though the four participants agreed that the principal objective was an end to inflation, there was a marked lack of consensus on how to achieve it. The contribution of Professor Roy Jastram of the University of California was perhaps the least contentious as he argued for the rather conservative idea of a return to the gold standard.

Clearly shaken by his failure to shock the assembled experts, Jastram plaintively complained: "The really surprising thing to me is that I am here at all. Even three years ago no one would have invited me to be on the platform in a serious discussion."

Just to prove there were no hard feelings (and presumably that the discussion wasn't particularly serious), Professor Robert Hall of Stanford proposed basing the dollar on a basket of commodities, including such esoteric substances as ammonium nitrate, aluminium and plywood.

Not to be upstaged, Professor Eugene Fama of the University of Chicago countered with a plan for "100 per cent reserve banking" which was later interpreted as meaning that the banking system would no longer create credit at all, leaving the Government free to end inflation by simply refusing to print dollar bills.

It was left to the maestro—Professor Milton Friedman—to put the dreary establishment case. But sensing the mood, he first enlivened the meeting by recalling his earlier plan to link government salaries inversely to inflation. Under this system if inflation rose 5 per cent, all officials would be paid 5 per cent less. "I guarantee that would end inflation in six months," the guru joked.

However, when Friedman attempted to approach the subject a little less flippantly, he met strong opposition. "It seems to me," said Professor Hall, "that it is the job of the economist to make radical suggestions . . . We should continue along this line and talk about things that are politically practical." And so, I assume, they did.

Taken away

Competition in the package holiday trade is stimulating some imaginative—and expensive—departures from the basic fortnight in Majorca.

About 20 epicures are forking out £1,495 apiece this September to indulge in a sort of Chinese take-away in reverse: a three-week gastronomic tour of China from Peking to Chungking with 14 banquets along the way.

Among the delights promised the intrepid band, which will be travelling "soft class," are a taste of deep-fried steamed bread and sea cucumber, Old Mother Ma's beancurd, "cooked with chilly" (sic) and minced pork, soup with meringue ducks floating on the surface, pork with pine nuts, quick fried mandarin fish in vinegar and wind-dried and salted duck.

Good food guide for the tour, arranged by International Travel Corporation, will be Kenneth Lo, the restaurateur.

The now thoroughly-anglicised Lo tells me he is looking forward to the experience as much as anyone else taking the trip. Lo whose grandfather was Chinese Ambassador to London at the turn of the century, has lived in Britain for nearly 50 years.

A former Davis Cup tennis player, he was Chinese consul in Manchester before the Mao-Tse-Tung revolution and since then has prospered by catering for the British taste for things Chinese.

He returned to China for the first time since the 1930s last year when he opened his Memories of China restaurant in London. "I thought it might be a good idea," he says, "since I could not remember a damned thing about it."

Hammering

Whatever the mandarins say, one cannot deny that Adrian Ham is a man who practises what he preaches. Of the many former political advisers drafted in by Labour ministers in their unending war against civil service intransigence, Ham is one of the few who had the courage to take his place in Britain's industrial front line.

Now, from behind a desk at Alcan Extrusions, he feels that he can defend his book, Treasury Rules, with the full weight of a man who has seen both sides of the story. A former Denis Healey aide and once an adviser on balance of payments at the OECD, Ham condemns Britain's top administrators as an out-of-touch, self-electing oligarchy with little understanding of the shop floor.

"Senior civil servants," he claims, "tend to regard politics as a rather nasty business which goes on in the three weeks or so before a general election. . . . Policy, on the other hand, is very much their business."

It is a depressingly familiar thesis, but, one imagines like all clichés, not without a grain of truth. From his Warwickshire perspective, Ham concludes that Whitehall should rearrange the service along either French or American lines, introducing larger political "cabinets" at the top of each ministry or alternatively insisting that graduates have experience outside government before they join.

Observer

ECONOMIC VIEWPOINT

Thatcherism at the half-way mark

IT IS too early for a requiem on the Thatcher experiment, but not too soon for an inquest. No one associated with the present Government ever thought that it would have an easy ride. *But equally, few* could have anticipated that at the half-way stage unemployment would be 2½m to 3m, inflation stuck at 11 per cent (with financial markets expecting a rise rather than a fall in the longer term, judging by gilt-edged yields) and both Government spending and the tax burden higher as a proportion of the national income than on election day in May, 1979. *Indeed even the Government's* opponents hardly expected that reality would exceed the most flesh-creeping warnings.

Not only Conservatives should want to see something of the policy saved in the second half of a Parliament, but people of all political persuasions interested in the future of the market economy. Suppose that the Social Democrats are in a key position in the next Parliament. The *balance struck in* their programme between market forces and controls, and between financial strategy and *so-called incomes policy*, will depend not on any statements made here and now, but on *where the economy is* at the time of the next election.

It is too often forgotten that Thatcherism was born in the ashes of just the policies that most newspapers and many backbenchers, as well as Mr Michael Foot, are urging today: that is a massive injection of money demand in 1972-74, a "competitive exchange rate" brought about by a sharp depreciation of sterling, and wage and price controls to keep the lid on the brew. The policy, then as now, was called "a real U-turn" and ended up with the Heath Government's defeat by the miners, 25 per cent inflation, the election of a Labour Government whose early rhetoric was just as "extreme" and hostile to a mixed market economy as the party's statements today, and with—at the behest of Mr Foot—legislation to increase union power, which the country needed like a hole in the head.

The overthrow of Mr Heath was not the result of a belief among the majority of Conservative backbenchers in any coherent alternative policy but, *like the rumblings against Mrs* Thatcher today, a revolt against failure. In selecting her Shadow Cabinet on her election in 1975—which is largely her present Cabinet—Mrs Thatcher went for a compromise. Financial policy was entrusted to supporters of what she calls "sound money"—although to make the choice seem less ideological Sir Geoffrey Howe rather than Sir Keith Joseph was the knight favoured with the sound money crusade. On the other hand, union policy (the so-called Employment portfolio) was assigned to Mr James Prior, a Heath supporter who had become a loudly-cooing dove on the issue of union power.

The portfolios concerned with public spending and other key positions were on the whole given to fairly conventional politicians, who could be *expected to fight dutifully for* the spending programmes of their departments without asking their civil servants too many embarrassing questions.

This compromise was the result not only of Mrs Thatcher's perception of what her own party would take, but of something else of a much less partisan but more worrying nature. That is the moral collapse of the British establishment—officials, business leaders and politicians of all parties—in the face of union power in the early 1970s.

The key event was not the miners' strike of 1973-74 when the miners were in a strong position because of the energy crisis. It was, rather, the miners' strike of 1972 when the police ordered the gates of the Saltley coal depot to be closed in the face of 15,000 pickets and when 17 policemen were injured. This was a more fateful riot than anything this summer. The Government surrendered, even though coal was then in surplus and market forces against the miners.

By the middle 1970s there was a profound inclination to leave the union issue alone and either try to buy wage-restraint from the union leaders à la Callaghan or hope to bypass *the issue by monetary and fiscal* policy à la Thatcher.

Maybe in other circumstances, this indirect approach to union power might have worked. But in the circumstances of 1979-81, it has resulted in the worst of both worlds. The financial policies put pressures on the flow of spending and orders, while the *laissez-faire* attitude to the unions and the public sector *permitted the rise in spending* which occurred to go far too much into higher wages and prices, instead of into jobs and output.

The demand squeeze was not the result of conscious monetary and fiscal action. Both the money supply and the PSBR targets have been comfortably exceeded. The pressures have come almost entirely from the rise in sterling, which led to destocking, redundancies and trimming of forward commitments.

The role of the UK Government was negative. It reduced MLR twice last year, when domestic monetary considera*tions pointed the other way*, to put a brake on sterling. But, rightly, it did not intervene massively in the foreign exchange market and slash interest rates to get sterling down at all costs.

". . . the laissez-faire attitude to the unions . . . permitted the rise in spending to go far too much into higher wages. . . ."

The real mistakes were in policies which failed to prevent a 23 per cent rise in earnings in 1980, just when sterling was moving upwards. The combination of an intense profit squeeze on internationally-traded goods with soaring wages produced the present recession. People at work have had one of the largest rises in living standards ever. But this has occurred at the expense of pricing out of jobs about 10 per cent of the population.

The second oil price explosion would have taken the 1979-80 inflation rate into double digits, almost whatever other policies had been followed. The rise from 8 to 15 per cent in VAT in the 1979 Budget—partly to finance headline-catching reductions in the basic rate of tax—fanned inflationary expectations at just the wrong time. This is not hindsight, as readers can check from an Economic Viewpoint of June 14, 1979, on that year's Budget.

But much worse occurred on the pay front. Although Ministers preached about unions pricing people out of work, they aided and abetted the process. An economist associated with the last Conservative election campaign remembers visiting his wife in hospital and seeing union notices saying that the Conservatives would not honour the forthcoming Clegg pay awards. His reaction was "That's right. Of course they won't," for he was sure that they would find some escape clause. But to his horror, the new Government didn't, and paid up.

The 23 per cent rise in earnings in 1980 reflected a 17½ per cent rise in private sector pay, but a 30 per cent rise in public sector pay. It was not all literally Clegg. Awards went ahead in many parts of the public sector, quite irrespective of the Government's financial strategy.

An attempt to curb inflation by monetary and fiscal means, without pay and price controls, was so difficult and so novel that it should have been central to every relevant action. Instead half a dozen people in the Treasury were left to "get on with it." Up and down the country the whole industrial establishment on both sides of industry went on negotiating for the "going rate"—based on a pessimistic projection of the inflation rate—in the expectation of either a return to pay controls or a shift to permissive financial policy.

The Medium Term Financial Strategy, which indicated the amount by which monetary *demand would be allowed* to grow, was not published until the 1980 Budget—a year too late. The political and industrial world realised it existed only at the time of the subsequent 1981 Budget when the Chancellor referred to it in relation to his decision to raise taxes in the middle of a recession.

The difficulty about a medium-term strategy is that the numbers and forward projections which it must contain are anathema to Tory sceptics, while the admission that the Government can influence only monetary demand and cannot determine output and employment is anathema to more optimistic souls. So it has few friends.

In fact, the last Budget was not meant to be restrictive. The reasoning behind it was that if public sector borrowing was reduced, interest rates could be allowed to fall faster than otherwise; and the net effect would be roughly neutral.

It was the rise in U.S. interest rates which caused the calculation to come unstuck. Although British short-term rates are lower than American or French ones, they have still risen, rather than fallen, since the Budget, and the Bank of England has had to use the most tortuous money market tactics to prevent a rise in overdraft rates.

Because of the worsened interest rate position, Ministers have difficulty in disbelieving new pessimistic Treasury forecasts showing no major recovery until well into 1982 and a continuing rise even in adult unemployment. It is this dismal prospect rather than the riots themselves, which accounts for the political gloom of the past few weeks.

All need not be lost. The exchange rate squeeze has induced a new attitude to manning and restrictive practices which three decades of exhortation have failed to provide. The need now is to transform higher productivity per man hour into an increase in output by encouraging people to price themselves into work.

That is why the Walters proposal *for a subsidy to employers* to take on school leavers at less than £40 a week is so welcome—and much the most important part of the recent package. In the next announcement there should be measures of a similar kind aimed at long-term adult unemployed — Treasury studies show these to be much more cost-effective than the public investment projects for which there is such strong political lobbying.

As for broader strategy, there is little that can be done before U.S. interest rates fall. But a major downturn in American rates is something, like happiness, which will occur when people's minds are on something else—whether a royal event or a miners' strike.

The ultimate answer to unemployment lies neither in inflationary finance nor in palliatives, but in action to make wages more responsive to market forces, which means tackling union and other labour market monopolies in earnest. Sir Geoffrey Howe stressed on Monday night that wages councils were pricing people out of jobs. Yet their status and powers have only recently been reaffirmed.

Recent elections have shown that voters exert a terrible vengeance on governments *which take on union power and* fail. But their first preference is for those that take it on and succeed. The effort needs subtlety and caution, not appeasement.

Samuel Brittan

Letters to the Editor

British Gas is better

From the Editor in Chief Gas World

Sir, — Terry Dodsworth's timely article on nationalisation in France (July 22) explains that one of the advantages enjoyed by State-owned enterprises is freedom from being treated as an uncontrolled political football and operating in an atmosphere in which managers are allowed to manage. He omits, however, to mention that the bureaucracy *with which the French national*ised industries are festooned, is significantly more ponderous than that experienced in the UK.

There is implicit in his piece an impression that somehow the French nationalised industries perform better than our own. This may be true in some cases but it is certainly not universal. While it is true that the French gas industry lacks our wealth of natural resources and operates in a more co-ordinated energy structure, British Gas, for all its burden of Government interference and mutilation, emerges as the more impressive operator.

Comparing the latest annual reports for BGC and Gaz de France, it is apparent that the UK gas industry sells more than twice as much gas to rather less than twice the number of customers with a significantly higher ratio of customers per employee. It distributes its gas through well over twice the number of miles of main and, more significantly, has succeeded in replacing nearly four times the miles of main achieved by Gaz de France.

It is well known that British Gas has increased its prices by direction of the Government and yet since January 1980 Gaz de France has increased its prices (taking an average of all tariffs) by 54.5 per cent against a BGC increase in domestic tariffs of 42 per cent.

One is tempted to reflect that if British Gas can perform as well as this in spite of its role as a political football, how much better might it perform if left to get on with conducting its affairs in peace?

Geoffrey Battison.
25, New Street Square, EC4.

Cash or credit

From the Head, Consumer Policy Unit, National Consumer Council

Sir,—Elinor Goodman and William Hall (July 27) draw attention to the problems the Government is having in dealing with the Monopolies Commission recommendation to allow retailers to charge different prices for cash and credit card purchases.

Since different costs are involved in cash and credit card purchases, there is a strong case for allowing prices to reflect these differences, and allowing the market place to establish the appropriate level of demand for the different types of service. The problem is that unless any difference in prices is clear to a consumer before he or she makes a decision to buy, this elegant piece of economic theory won't work and naturally consumers will feel defrauded. It is extremely unsatisfactory, for instance, to find out that you will be charged extra for using a credit card after you have eaten a meal in a restaurant.

We have already suggested one possible solution to the *Minister for Consumer Affairs.* Credit card companies should be allowed to make it a term of their contract with merchants that the way in which any premium charged to credit card users is publicly displayed should be a matter for agreement between merchant and credit card company. Retailers could then decide themselves whether to charge a premium and what it might be. Credit *card companies could exercise* their responsibility to see that their cardholders were not exploited and individual consumers could decide for themselves whether they wished to buy from retailers charging extra for cards.

Maurice Healy.
National Consumer Council,
18, Queen Anne's Gate, SW1.

Building a barrage

From Mr B. Ord.

Sir,—I note that there is once again discussion as to the feasibility of building a Severn Barrage for the generation of electricity. While the rise and fall of the tides is undoubtedly one of the most neglected *sources of energy in the world*, the use of a 25/30 ft fall, even with vast quantities of water can only be described as marginally efficient (in turbines).

Is it not *possible to use this rise* and fall by other methods? The tides will raise a supertanker free of charge, cannot we use the *latent power of its* descent far more efficiently than that of water in a turbine. It would take several million HP to raise a *supertanker* 30 ft. Would not the tanker's descent cause sufficient energy to raise a similar amount of HP on the principle of the weight operated grandfather clock? Here you have the opportunity to utilise all the redundant supertankers and a few unused docks, which if not already tidal, could no doubt soon be made so.

With sufficient gearing and the use of slow speed generators it should not be beyond the capacity of our engineers to utilise this natural phenomenon for the benefit of mankind.

B. T. Ord.
Pont au Bré, St Peter, Jersey

Unfair slur

From Mr M. Minford

Sir,—The blinkered statement by Mr Wally Anderson in your feature on productivity (July 24) *is so* grotesque that I would have ignored it had your Industrial Editor not given it such prominence that it appeared to be the theme of the whole article.

Mr Anderson's *remark* is so particularised that I surmise he must indeed have a grudge over his relationship with individual ex-members of the distinguished Regiment and Corps to which he refers, *but it carries* a more-than-implied slur on thousands of former members of the Armed Forces who are now fulfilling an effective role in industry.

As one of them, I doubt if many of us are trying to usurp the place of engineers or other specialisations. We should remember, however, that not a few of those leaving the Service have very adequate technical qualifications and many of us have been working with superb high-technology equipment of whose principles and applications we are not entirely ignorant.

When we leave the Service, mostly not by choice but because of an age-related career structure, all we ask in seeking a job is that we should be assessed on our merits for the *many "commercial" jobs which* play such an important part in manufacturing industry. I suggest that apart from general managerial experience, we are able to offer a real ability to communicate, honest leadership (as opposed to the merely staff function of "personnel management") and willingness to take responsibility for decisions and follow-through action till the job is complete. The very fact *that we have been working in* all-arms, inter-Service and often international teams tends to eliminate the parochialism that, alas, prevails still in many firms.

Of course, there are ex-military duds just as there are "professional engineers" who contribute little to profitability or good industrial relations.

I am not seeking to grind an ex-Serviceman's axe; that would be uncalled-for—let individual performance speak for itself. I just consider it is sad that a senior member of your editorial staff should highlight a derisive statement, which would more befit a political broadsheet, at a time we should be concerned, all together, to use the nation's men and women to the fullest advantage to re-build a free and prosperous society.

M. Minford.
Clee House,
473, Crewe Road,
Wistaston,
Cheshire.

Two current questions

From Mr P. Goodwin

Sir,—Prompted by separate articles in the issue of July 25 I ask the following:—

Within the context of current discussions with Spain, are the rights to Spanish citizenship available to Spanish-speaking Latin- and South-American citizens generally appreciated?

Is any credence to be attached to the malicious gossip that the debate over unemployment in the United Kingdom has only now reached a fever-pitch because Treasury economic *models cannot accommodate a* variable "U" for unemployment with a value higher than 3m?

Peter Goodwin.
Baldurstrasse 22,
4000 Düsseldorf 11,
West Germany.

Cricket, lovely cricket

From Mr B. Goodden.

Sir,—In his article last Saturday about the 1953 Test Matches Trevor Bailey modestly made no mention of his own part in the Lord's Test which, as he says, "Australia could have won."

Nobody who watched the final afternoon's play, and Mr Bailey's historic match-saving stand with Willie Watson, will ever forget it. These two gradually raised our morale from the depths of gloom soon *after lunch, through an incre*dulous feeling that perhaps there was a glimmer of hope that England would not lose after all, to a joyous feeling of security.

This was one of the most exciting that I have ever watched, with the advantage constantly shifting from one side to the other, and was the complete contradiction of the so often heard proposition that drawn matches must be boring matches.

B. B. W. Goodden.
Ferryside, Riverside,
Twickenham, Middlesex.

How whales die

From Cdr Innes Hamilton

Sir,—Your second leader of July 27 is unworthy of a great newspaper. "Violent death (you say) is always ugly, as anyone who has visited a slaughterhouse will testify. The difference with whales is purely one of scale."

This really is nonsense. By and large, killing in slaughterhouses is preceded by stunning (and where it isn't, it should be). Whales can suffer from *appalling mutilation* and for a long time. Who the hell are we, who are so civilised, that we are entitled to do this to any creature. I am, Sir, no "crank conservationist."

Innes Hamilton.
Fairway Lodge,
South Drive,
Virginia Water,
Surrey.

Frozen personal pensions

From Professor D. Myddelton

Sir, — Despite Professor Fung's rather heated letter (July 24), I still believe that graduated income taxes, together with the reliefs therefrom granted over the past 60 years, have been mainly responsible for frozen occupational pensions in this country. Nor do I see what is so "impractical" about abolishing taxes whose net revenue yield is negative.

Had I invested in gold each month for the last 12 years the amount compulsorily deducted from my pay in respect of an occupational pension scheme, together with what my employers set aside, I would now have an asset worth about £50,000. From my "off-centre" viewpoint I would prefer to have 225 ounces of gold held for me by a Swiss bank, and saleable at any time, rather than a blocked paper asset in a UK scheme over which I have no control, and which (according to its latest accounts) is in deficit.

Professor Fung objects to my "casual suggestion" about buying a personal pension in Swiss francs or gold. The point is, of course, that individuals should be free to choose. Maybe the prudent man would prefer to entrust his savings to risk-free British Government securities? Admittedly they have lost about 85 per cent of their real value in the last 12 years (having lost over 60 per cent in the 12 years before that, and over 70 per cent in the 12 years before that). But perhaps the worst is now over: after a real decline of 98¾ per cent since the war, surely there can't be much further for UK gilts to go?

In practice compulsory pension deductions are simply another tax; and I am not impressed by unreliable promises that if the politicians don't change the rules I may be favourably regarded for index-linked charitable treatment if and when I reach retirement age, provided that I don't change my occupation in the next quarter-century.

(Professor) D. R. Myddelton.
Cranfield School of Management,
Cranfield, Bedford.

U.K. farming efficiency

From Mr N. Bilitch

Sir,—John Cherrington (Lombard, July 22) raises some interesting questions. If the alleged "efficiency" of UK agriculture is something we all ought to emulate, why are its products to the UK consumer so costly as compared to what this long-suffering individual would have to pay if he or she were free to buy their food from the world's market at world prices? Who, pray, benefits from this much-vaunted efficiency and high productivity? If this "efficiency" is so obvious a source of national pride, why does it require such a handsome subsidy to enable agricultural produce to be exported, while the subsidiser, the domestic taxpayer, is being fleeced daily for the privilege of paying through the nose for his daily bread?

John Cherrington is quite correct to point out that if the rest of the UK economy were to be afforded such privileged treatment as agriculture has enjoyed these many years, the results would be something very different from the chimera which agriculture presents to the unwary and unknowing. No doubt, the farming lobby will vigorously promote the myth that they represent a model which an efficient industry should copy, while stretching out their ample hands for more subsidies, and protection from "unfair" foreign producers.

N. A. Bilitch.
Free Trade League,
177, Vauxhall Bridge Road, SW1.

The sin of wages

From Mr R. Copping

Sir,—Inflation still runs at over 11 per cent, but if any think a change of Government would help, I quote the Castle Diaries 1974-76.

"Denis was in a grim mood. Our credit, he said, was low and falling. Inflation was running at 20 per cent. The borrowing requirement was much too *high and we might get a sudden* collapse of confidence. The main source of inflation was wage inflation."

Mr. Denis Healey, who was Chancellor of the Exchequer, put the blame squarely where it belongs.

Robert Copping.
4, Ronald Hill Grove,
Leigh-on-Sea, Essex.

Today's Events

GENERAL

UK: CBI industrial trends survey (July).

British Shipbuilders' annual report.

Negotiations start between Liverpool Port Employers' Association and Transport and General Workers' Unions on Mersey dockers' dispute.

Mr Joe Gormley, president, National Union of Mineworkers, speaks on "Trade Unions and the Mining Industry" at Institute *of Directors meeting, 116 Pall* Mall, SW1, 6.30 pm.

Overseas: West German cabinet meeting in Bonn on the Budget and Government spending.

Zimbabwe Budget.

Officials from five-nation Western contact group on Namibia meet in Paris.

PARLIAMENTARY BUSINESS

House of Commons: Wildlife and Countryside Bill, remaining stages. Employment and Training Bill, Lords amendments. London Docklands Development Corporation Orders.

House of Lords: Ullapool Pier Order Confirmation Bill, third reading. Education Bill, report. *Debate on proposed cuts to BBC* external services.

COMPANY MEETINGS Page 16

Sogomana slips to £705,000

Pre-tax profit of Sogomana Group slipped £12,541 to £705,392 in 1980 on turnover £86,000 lower at £1.49m.

At the half year stage this natural ruber, oil palm and cocoa producer, made taxable profits of £317,624 (£329,327) and turnover stood at £665,299 (£671,667).

The final dividend is being maintained at 7p net per 10p share making a same again total of 10p.

Pre-tax profits were struck after investment income of £287,373 (£251,365), and tax took £280,743 (£298,288). The attributable profit came out at £424,649 (£419,645), while the earnings per share are stated at 13.68p (13.47p).

Symonds Eng. has 'reasonable order book'

Mr G. A. Rowley, chairman of Symonds Engineering, tells shareholders in his annual statement that although the company's order book is at a reasonable level, it would be unwise for him to forecast the outcome of the current year, other than give an assurance that every endeavour will be made to achieve the best results within the constraints of the economic environment.

As reported on July 16, this "close" company, engaged in precision engineering, sheet metal working and jig and tool manufacturing, slumped from a pre-tax profit of £207,670 to £24,009 in the year to March 31, 1981.

At the year end shareholders' funds stood at £1.1m (£1.01m) and there was £491,710 (£488,372) in fixed assets. Net current assets were £626,968 (£648,435) including a bank overdraft of £152,877 (nil). During the year net liquid funds fell by £208,000 (£88,000 increase).

Brengreen receives 91% acceptances

Acceptances have been received in respect of more than 91 per cent of the 5.2m shares of Brengreen (Holdings) offered in a rights issue. The balance has been sold in the market and the net premium of 3p will be distributed among the original allottees.

The rights issue of £10.2m of convertible unsecured loan stock of Property Holding and Investment Trust has been taken up as to 87.5 per cent.

Scottish & Newcastle warns of rising costs

THE PRICE of beer to the public has now reached a level at which, in the current economic climate, further increases prejudice overall volume, Mr P. E. G. Balfour, the chairman of Scottish and Newcastle Breweries tells members in his annual report.

He says he feels sure that the heavy increase in duty in the last Budget will lead to a lower revenue in real terms to the Treasury and warns that other costs over which the group has little or no control, continue to rise.

Over the coming year Mr Balfour says the company's payment of local authority rates will rise from £9m to £12m and there will be further rises in energy costs. Although much is being done by reduction in manning, alteration in working practices, investment in new plant and closing various installations to limit the impact of these increases "in the end these costs will have a direct bearing on profits," he says.

The chairman points out that the opportunity for passing increased costs in higher prices is only limited.

In the current year the company plans to move towards its stated policy of bringing capital expenditure more into line with cash flow and does not expect its borrowings to increase by any significant amount—for the 53 weeks to May 3 1981 borrowings rose by £40m, including the £23m cost of the acquisition of EMI Hotels and Restaurants.

The chairman says the outlook for the group is one of change and that it must continue to react quickly and with determination if it is to remain strong.

As reported on July 3 taxable profits of the group for 53 weeks to May 3 1981 were down from £39.1m to £33.1m on turnover £89.7m higher to £587.7m.

The accounts show shareholders' funds at £261.8m (£249m) and net current assets of £20.2m (£8.1m). There was a decrease in overdrafts and short term borrowings, net of cash, of £6.8m (£22.5m increase) and an increase in loan capital of £46.6m (£0.7m decrease). Meeting, Edinburgh, August 20, at noon.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Beaumont Properties, Colonial Securities Trust, Drayton Commercial Investment, Drayton Premier Investment Trust, Imperial Chemical Industrials, Lex Service, Lonrho, Prestige, F. Pratt Engineering, River and Mercantile Investment Trust, River Plate and General Investment Trust.

Finals:—Brasway, Dixons Photographic, Fitch Lovell, J. Jarvis, J W. Spear, Stavert Zigomala, Steinberg.

FUTURE DATES

Interims:—

Aquis Securities	Aug 3
Carron	Aug 6
Foreign and Colonial Inv. Tst.	Aug 5
International Investment Trust	Aug 4
Johnson Group Cleaners	Aug 19
Philips' Lamps	Aug 25
TACE	July 31
York Trailer	July 31

Finals:—

Capital and National Trust	Aug 18
Dyson (J. and J.)	July 31
Gnome Photographic	Aug 6
Impala Platinum	Aug 14
Kennedy Smale	Aug 11
Meat Trade Suppliers	Aug 18
Scottish, English and European Textiles	Aug 12

Drayton Far Eastern falls but interim held

Revenue of the Drayton Far Eastern Trust fell from £111,600 to £80,500 for the first six months of 1981, after tax of £69,100 against £122,000. The interim dividend, however, is maintained at 0.4p net per 25p share, payable on August 24.

The directors explain that the decline in net revenue largely reflects the lower level of liquidity and deposit interest, and lower dividends from commodity-related companies.

The policy of increasing investment in Japan and South East Asia has continued, largely at the expense of UK registered companies. The directors anticipate that a relatively fully-invested position will be maintained, both to take advantage of the strength of Far Eastern currencies against sterling, and the generally favourable outlook for Pacific markets.

Gross income amounted to £183,500, compared with £266,800, and was subject to management expenses, up from £22,100 to £33,900 and interest on foreign currency borrowings, last time, of £11,100.

The interim dividend will absorb £48,000 (same)—last year's final distribution was 0.8375p from net revenue of £229,838.

Total net assets, as at June 30, were £12.1m (£9.4m at December 31 1980) giving a per share value of 100½p (79p).

W. CANNING

W. Canning has completed the acquisition of Marston Lubricants. Consideration has been satisfied partly in cash and partly by the issue of 1,192,190 ordinary shares, which have been placed on behalf of the vendors with institutional investors.

BRICKHOUSE DUDLEY

Brickhouse Dudley has acquired General Vacuum Services of Kidderminster, which has developed a vacuum pump capable of retrieving and handling waste products of a wide variety.

Dudley says that since starting to trade in August 1980 General Vacuum has made a considerable impact on the Water Authorities through a specialist contracting service.

The consideration is less than 5 per cent of group assets.

Metal Closures South Africa up 16% midway

Pre-tax profits of Metal Closures, the 77 per cent owned South African subsidiary of Metal Closures Group of the UK, moved ahead by 16 per cent to R1.86m for the first half of 1981, compared with R1.61m.

The directors expect the full-year's surplus to exceed the R4.61m for 1980, even though it has not been fully possible to pass on higher costs to customers.

From six month's earnings per share of 47.5 cents (38.3 cents) the interim dividend is increased to 18 cents, against 16 cents—last year's dividend total was 38 cents.

Although increased plant capacity was introduced in the first three months of this year, the company has been under extreme pressure to meet market requirements, the directors state. They add that this problem has now been resolved.

Rebuilding of the Transvaal plastics factory, due to be handed over in the first quarter, was only completed in June, and the full benefits of operating from this building will not be felt until later in the year.

John Brown

Preliminary Announcement of 1981 Results

SALIENT FEATURES

	1981 £m	1980 £m		1981	1980
Turnover	582	463	Per ordinary share		
Profit before tax	14	21	Earnings	24.7p	13.7p
Profit retained	15	9	Dividend	4.25p	4.25p
Shareholders funds	108	92	Net assets	110p	93p

Extracts from the Chairman's Statement

The final outcome substantially confirms the assessment I made in the Interim Report, although process engineering and construction and Leesona each achieved slightly better figures than the worst we then were prepared for. The accounts figure of over £23m net bank balances is greater than I suggested in January: it would be, in part reflecting real gains but also containing some fortuitous excesses of receipts over payments, not of a permanent nature. Also in the accounts, shareholders will notice the unusual and substantial tax credit and the consequent effect on profits retained and earnings per share: this is because provisions in the Finance Bill, 1981 enable us to release taxation provisions made in earlier years now no longer required.

The £6.5m adverse swing from the previous year's profit to a significant loss from the gas turbine division was the expected consequence of very poor order intake and tremendous pressures on margins. Now the order book looks much healthier; we still need a lot more new business however to achieve our targets this year and market conditions are not yet by any standards easy.

It was a good, steady performance from process engineering and construction in a difficult year. Especially encouraging were the improving activity levels from Crawford & Russell in the United States, a trend that continues today.

Leesona also did well, despite the deterioration in Italy and another dreadful year from the two old John Brown plastics machinery companies in the United Kingdom. There is still no sign of any upturn in Italy but the outlook for the United Kingdom factories is looking distinctly better, although still very much dependent upon continuing improvements in productivity and upon a revival of the United Kingdom domestic market before too long.

The textile machinery division of Leesona had a good year but in addition to this, new product developments have begun now to show real promise for early commercial exploitation.

The machine tool division made fair progress in eliminating products and facilities that were not viable. Much still remains to be done to bring the price competitiveness of our principal good machine tool product lines fully up to international standards and to get our operating expenses into line with continuing very poor demand levels. The current year will again be difficult.

In general engineering, we were hit more by United Kingdom and international recession than by any special factors and the profit was as expected, about half that of the previous year. Craven Tasker was the worst affected.

On the day of the preliminary announcement of our results I sent my latest letter to all the Group's employees in the U.K. I hope all shareholders will agree with what I say in the letter about the soundness and the fairness of the policies we have followed in the last two difficult years. We have used profit and cash generated in earlier, more comfortable years to consolidate the good parts of the group, to restructure the less good and to strengthen greatly our international technological and market base. We have maintained our liquidity satisfactorily. We have had some success in containing escalation of our internal United Kingdom costs. This has put us strategically in a much stronger position than we were a year or two ago; a position from which we should be well able to develop further the range and the profitability of our businesses.

Copies of the Accounts may be obtained from The Secretary, John Brown and Company Limited, 8 The Sanctuary, London, SW1P 3JU, after 10th August, 1981.

MINING NEWS

Poor second quarter for Amax

BY GEORGE MILLING-STANLEY

AMERICA'S LEADING mining company, Amax, has turned in sharply lower profits for the second quarter of 1981 compared with the same period of last year, but the latest results mark a recovery from the exceptionally poor performance of the first three months of this year.

Mr Pierre Gousseland, chairman and chief executive, maintained his cautious optimism about the future, saying that "most business forecasters expect economic recovery to begin late in 1981 and to accelerate in 1982."

The company expects to participate in this recovery, and 1981 financial results should be "satisfactory considering world economic conditions," he added.

Amax's net income for the second quarter was $95.09m (£51m), down by about one-third on the corresponding period of last year but still well above the disappointing $70.1m recorded in the three months to March 31, 1981.

Earnings from operations at $125.05m were 44 per cent below the previous year, but Amax received a $46m boost from net gains on the sale of its interests in several oil and gas concerns.

Earnings came out at $1.40 a share fully diluted, against $2.18 last time and just $1.04 for the first quarter.

These results gave the company first-half net profits of $165.17m, down about 40 per cent, with earnings of $2.44 a share compared with $4.59.

Mr Gousseland pointed out that the "prolonged weakness in the U.S. and world economies has affected Amax's earnings in the second half of 1980 and first half of 1981."

Specifically, the company suffered from lower shipments and prices for both molybdenum, normally the mainstay, and silver, while coal and tungsten sales were reduced by strikes.

The United Mine Workers' union strike, which ended on June 6 after 72 days, was the main reason for lower income from coal, while a six-month strike at the 65 per cent-owned Canada Tungsten Mining meant that this operation was only able to break even.

Lead earnings decreased because of lower prices and the impact of the strike which began on June 1 and is still not settled.

These depressing factors were offset to some extent by higher prices and shipments and lower operating costs in iron ore, while nickel operations returned to profit after a loss last time.

In addition, Amax was able to include a substantial contribution from the phosphate operations it bought in July last year.

The aluminium subsidiary Alumax turned in sharply higher profits, mainly arising from the new South Carolina smelter.

Base metal prices have shown signs of renewed strength in the past week or so, and Asarco announced yesterday that it was raising its posted lead price by 2 cents to 43 cents a pound, and at the same time lifting its copper price by 2.5 cents to 85 cents a pound.

Inspiration Consolidated Copper stayed one cent behind Asarco with a rise of 1 cent to 84 cents a pound, and Amax agreed yesterday that if these new levels hold it will have to follow suit.

This would obviously be of considerable benefit to profits in the remainder of the year, but unfortunately there are no signs of anything similar happening in molybdenum, where Pennzoil's Duval Sales Corporation yesterday cut its prices by $1.10 per pound.

Sunshine secures silver position

AMERICA'S Sunshine Mining has consolidated its ownership of the Sunshine Mine in Idaho, the biggest silver producer in the U.S., by reaching agreement to acquire four companies which together hold about 18 per cent of the mine, reports Lachlan Drummond from New York.

Sunshine will pay about $66m (£35m) in stock to take over Silver Dollar Mining, Silver Syndicate, Sunshine Consolidated and Big Creek Apex Mining.

The agreement with Mr Harry F. Magnuson, the controlling shareholder in each of the four companies, also clears the way for Sunshine to pursue its stated intention of buying out Hecla Mining's one-third interest in the largest of the eight areas which make up the mine property.

Hecla recently succeeded in gaining control of Day Mines, another silver producer, after an acrimonious battle. Both the Hecla and Sunshine mergers have involved extensive litigation.

Sunshine holds about 6 per cent of Hecla, and in 1979 began merger discussions with the company. These proved unsuccessful, and Hecla now ranks as the largest silver producer in the U.S., with estimated annual output of around 5m ozs. The company's one-third interest in a portion of the Sunshine Mine contributes about a quarter of that.

While Hecla's motive for seeking a merger with Day was to some extent defensive, it also reflected a desire to improve the efficiency of the mines it operates in partnership with Day, by assuming full ownership.

The push for greater efficiency in production was also Sunshine's prime motive. The company has estimated that it could save 10 per cent on its mining costs if it were able to operate the mine as one entity, rather than as at present, where it is precluded from combining the output from the various sections under different ownership.

The Sunshine Mine produces up to 5m oz of silver contained in concentrates per year, and has estimated proven and probable reserves of 48m oz of contained metal at a grade of almost 29 oz per ton, using a 10-oz cut-off.

The acquisitions have boosted Sunshine Mining's total of the Sunshine Mine's reserves to 36m oz, and taken its total reserves of silver to 21.78m oz, including a two-thirds interest in a Nevada project due to come into operation in mid-1982.

The deals also lifted Sunshine's interest in the Consolidation silver project, which is 64 per cent-owned by Hecla. The combined holding of Sunshine and Silver Dollar in this venture will be 24 per cent.

The venture is refurbishing a mine owned by Consolidated Silver, in which Sunshine has a direct stake of 9 per cent. The mine is immediately adjacent to the Sunshine Mine, and last year limited production from much-depleted reserves was begun. An exploration programme is in hand.

Sunshine will also benefit in the near future from the completion of its chemical leaching refinery, expected in about a year. This will obviate the need for using custom smelters, and will complement the company's 1,000 ton a day capacity flotation mill.

Sunshine already has a metallurgical antimony plant, where it treats the high-grade silver and copper concentrate output of the mill.

First-half fall at Idris Tin

THE MALAYSIAN tin producer Idris Hydraulic Tin has turned in a pre-tax loss of £181,500 for the six months to June 30, compared with a profit last time of £217,500.

This follows a sharp fall in tin concentrate output to 43.08 tonnes from 105.54 tonnes, largely as a result of a landslide in October last year and subsequent difficulties with mining operations.

The average price received for the mine's concentrate was £4,362 per tonne, against £3,913 in the first half of last year.

The company warned that it was anticipating a fall in production for the full year, and had thus deferred consideration of a dividend.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
110	100	ABI Hldgs. 10pc. CULS	110	—	10.0	9.1	—	—
76	39	Airsprung	66	—	4.7	7.1	10.5	14.5
52	21	Armitage and Rhodes	45	—	1.4	3.1	18.5	42.9
200	92½	Bardon Hill	198	—	9.7	4.9	9.6	11.7
104	88	Deborah Services	102	—	5.5	5.4	5.0	9.6
126	88	Frank Horsell	100	—	6.4	6.4	9.0	21.7
110	39	Frederick Parker	65	—	1.7	2.6	28.3	—
110	64	George Blair	64	—	3.1	4.8	—	—
113	59	Jackson Group	109	—	7.0	6.4	3.4	7.7
130	103	James Burrough	129	—	8.7	6.7	9.4	11.8
334	244	Robert Jenkins	304	—	31.3	10.3	4.2	10.7
59	50	Scruttons "A"	58	—	5.3	9.1	8.9	8.3
224	191	Torday	191	—	15.1	7.9	7.3	12.6
23	8	Twinlock Ord.	14½	—	—	—	—	—
90	68	Twinlock 15pc ULS	77	—	15.0	19.5	—	—
56	35	Unilock Holdings	38	—	3.0	7.9	5.8	9.3
103	81	Walter Alexander	98	—	5.7	5.8	5.4	8.6
263	181	W. S. Yeates	244	—	13.1	5.4	4.6	9.4

THE TRING HALL INDEX
122.3 (+0.9)
at close of business 28/7/81
BASE DATE 10.11.80 = 100
Tel: 01-248 5675

TODAY'S COMPANY MEETINGS

Belhaven Brewery, Waldorf Hotel, W, 11.30. Brown and Jackson, Crest Hotel, Preston, 12. British Steam Specialities Group, Grand Hotel, Leicester, 12. Country and New Town Properties, 6 Agar Street, W, 12. Craig and Rose, 172 Leith Walk, Edinburgh, 10.30. Dundonian, Institute of Chartered Accountants, EC, 11.30. Elliott Group of Peterborough, Great Eastern Hotel, EC, 12.15. Emray, 61 Grosvenor Street, W, 10. Ferranti, Millbank Tower, SW1, 12.15. Highgate Optical and Industrial, 38 Jamestown Road, NW, 11. Humphries Holdings, Cafe Royal, W, 12. Johnson Matthey, 20 Aldermanbury, EC, 11.30. Kleen-e-ze Holdings, Martins Road, Hanham, Bristol, 2.30. F. H. Lloyd Holdings, Albany Hotel, Birmingham, 12. Milford Docks, Hyde Park Hotel, SW, 12. Pauls and Whites, Stone Lodge Lane, Ipswich, 12.15. Renold, Wythenshawe, Manchester, 2.30. Sangers, Connaught Rooms, Great Queen Street, W, 12. 600 Group, Grosvenor House, Park Lane, W, 11.30. United Electric Holdings, Great Eastern Hotel, EC, 12. Wedgwood, 34 Wigmore Street, W, 12. Wilkins and Mitchell, Darlaston Road, Wednesbury, 3.

SPAIN

July 29	Price %	+ or −
Banco Bilbao	337	
Banco Central	364	
Banco Exterior	370	
Banco Hispano	305	
Banco Ind. Cat.	120	
Banco Santander	394	+4
Banco Urquijo	224	−2
Banco Vizcaya	362	
Banco Zaragoza	243	
Dragados	200	−4
Espanola Zinc	78	−2
Fecsa	68.2	
Gal Preciados	54	
Hidrola	75.5	−0.2
Iberduero	56	
Petroleos	119	+2
Petroliber	89	
Sogefisa	59	
Telefonica	77.7	+0.2
Union Elect.	74.7	+0.7

CORAL INDEX
Close 523-528 (−3)

OIL INDEX
October Refined $41.80
January Refined $45.00

Sketchley

Industrial workwear rental, dry cleaning and textile finishing

Year ended March	1981 £000	1980 £000
SALES	59,870	51,727
TRADING PROFIT	6,316	6,302
PROFIT BEFORE TAX	5,163	5,742
PROFIT AFTER TAX	3,008	3,214
EARNINGS per Ordinary share	19.9p	21.4p
NET DIVIDENDS per Ordinary share	9.0p	8.0p

"I am able to report that the first quarter of 1981/82 opened the year satisfactorily.

Since then there has been some flattening of sales in the Cleaning Division and we must continue to look to the future with caution whilst disposable incomes continue to fall and unemployment to rise."

Mr. Gerald Wightman, addressing the A.G.M. held on 23rd July.

Sketchley Public Limited Company

The 1981 Report and Accounts are available from the Secretary at Rugby Road, Hinckley, Leicestershire LE10 2NE

هكذا من الأصل

FINANCIAL TIMES SURVEY

Thursday July 30, 1981

Advance Factories

The building of factories for rent or sale before having a purchaser has developed into one of the most important parts of successive governments' economic policy for the regions. It is just as well because this is a vital means of encouraging new businesses in the present recession, to prevent the dole queues from growing even longer.

Bringing in the private sector

By Anthony Moreton
Regional Affairs Editor

IT IS NOW almost 50 years since the Government put up its first factory without having a tenant for the building. Since then, the building of advance factories has become one of the most important arms of regional economic policy, if not the most important.

The first factories went up on the Team Valley estate in Gateshead as a consequence of the Special Areas (Development and Improvement) Act of 1934 which aimed to counter the worst social and economic effects of the Depression in what were then called the depressed areas.

The leasing of factories built by government-sponsored, non-profitmaking trading estate companies was then thought to be little short of a dramatic shift in government involvement. Yet their success was instant: by 1939 some 12,000 people were employed in leased factories on estates which are still in being.

The daddy of them all, Team Valley, can be seen from the main-line train as it approaches the Tyne before crossing into Newcastle. But there are others, such as Treforest and Bridgend in South Wales, where the neat, small factory buildings contrast with the shapes and styles of architecture in the 1980s.

The aim of the early trading estates was not merely to provide work but also to provide it in conducive surroundings. The estates were laid out with broad verges, dual-carriageways and the buildings were limited in height.

The intention was to build a factory that an industrialist would like to occupy and one in which an employee would be keen to work. It was as though the philosophy of Ebenezer Howard and his new towns had been translated to industrial Britain.

The very high level of economic activity and the low levels of unemployment after 1939, lasting until 1973 or 1974, perhaps obscured the role of the advance factories by taking away the raison d'etre on which they were founded. But as successive waves of regional policy were introduced, building factories for rent or sale in advance of having a purchaser has always been seen within government as one of the most important parts of that policy.

There are some who consider that advance factories are the most important part. It is claimed that up to 95 per cent of regional financial aid is connected with advance factories and two or three years ago the vacancy ratio — that is, the number of factories still to be occupied as a proportion of the whole—was only 5 to 7 per cent.

There were a few on the market, especially in places difficult to attract new companies, such as Consett, but not many.

That situation has changed to some extent, and for the worse. As the present recession has deepened and companies have shut, a number of older properties have come back on the market and they are proving difficult to shift.

Four years ago an independent piece of research conducted by Jim Northcott for PEP showed that the single, most important reason for a company moving to a new place was availability of a building. In "Industry in the Development Areas," Mr Northcott found in a survey of 62 companies that two-thirds of them gave the factory itself (as opposed to the site) as a main reason for going where it did and a further four companies gave it as a subsidiary reason.

Evolved

For most of these companies, according to Mr Northcott, "a very important consideration was its availability for immediate or early occupation."

In the early days the administration of advance factories was concentrated in the hands of the English Industrial Estates Corporation, which had its headquarters on that first estate in Gateshead. But as regional and political policy has evolved so has responsibility for the factories changed.

In Wales executive action has passed to the Welsh Development Agency with power being devolved to the Development Board for Rural Wales within that body's boundaries. Similarly, in Scotland the Scottish Development Agency is the lead authority, with the Highlands and Islands Development Board taking over responsibility in the area it covers.

In Ulster, advance factories come under the Department of Commerce. The result of these changes is that the EIEC now deals solely with England.

The arrival of the Conservative Government two years ago, and in particular the passing of the 1980 Industry Act, has meant a great change in the direction of policy towards advance factories.

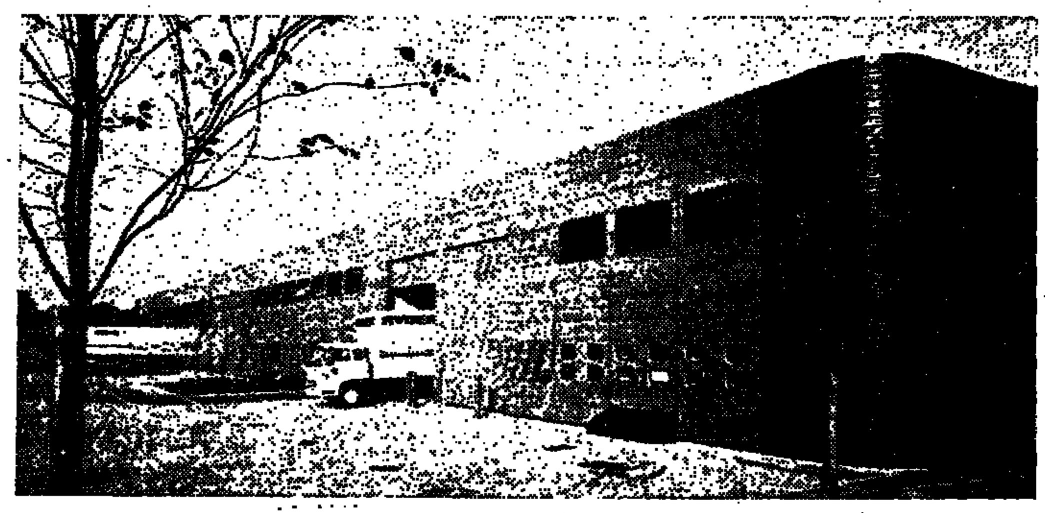
For decades the EIEC acted as an arm of government, effectively being the building agent for the Department of Industry. The department would tell the corporation where to build factories and of what size—they commonly range from 500 sq ft to 25,000 sq ft though on occasions go much larger—and then let it find the builder and work out the costings.

The hiving off of powers to the Welsh and Scottish Offices on the setting up of the development agencies for the two countries was the first break in this tradition. Now the opportunity has been taken to steer this arm of regional policy in radical new directions.

The Conservative philosophy is that the private sector should be much more involved in the financing of advance factory building. This was partly for policy reasons and partly to eliminate clashes between the two sectors. There had for years been considerable friction between the private and public sectors over these buildings. The pension funds and other institutions frequently accused the Government of letting their factories at uneconomic rents, effectively pricing the private sector out of the market.

In some cases rents were low and the private sector had a justifiable case. But the Government would retort that creation of employment was its main aim and the factories had to be seen in the light of this criterion rather than the effect on the private sector.

In its attempt to bring in the private sector the EIEC therefore has been given a great deal more freedom. No longer does the Government tell it what must be built; this year it asked the EIEC to outline its own plan and virtually rubber-stamped the proposals that were sent to the DoI in London from Gateshead.



Occupiers of the joint-venture Phase 1 building at Gillingham Industrial Park, Kent, include a soft drinks distributor, a furniture maker and warehousing

To attract the private sector the corporation has had to show that it is profit-oriented and, backed by a survey commissioned from Coopers and Lybrand together with Drivers Jonas, many of whose recommendations were accepted, the corporation now aggressively looks for factory sites and "sells" the buildings once they are up.

To some extent this move in England was mirrored by changes already taking place in Scotland and Wales. There, a more active policy has been in evidence for some years though building programmes have been thought of essentially as an arm of employment creation — as when the East Moors steelworks of GKN were closed in Cardiff or when BSC's Port Talbot works was trimmed back.

The device to involve the institutions has been successful. In England the corporation raised £30m in its first year, which more than doubled its budget. In Wales over £12m has been brought in over a longer period and the WDA hopes to see this figure raised to £16m by the end of the financial year. The Scottish figure is still awaited.

Only in Ulster has there been a lack of success and, given the political and social climate in the Province, it is hardly surprising that the institutions do not want to commit themselves there.

At the same time as the institutions have been drawn in, the insistence on building only for manufacturing industry has been dropped.

Changing

Policy-makers dealing with regional affairs have held as a prime tenet of their faith the need to stimulate manufacturing industry. That is slowly changing. In advance factory building it has changed completely.

Factories may now be put up for warehousing or for the service sector generally and the corporation is keen to get interested in building housing activities which support industry, buildings capable of housing research and design teams, accountants, computer support services, architects partnerships or solicitors.

While these changes in policy are the product of a Conservative government's thinking, there is some evidence that Labour was edging towards this direction in the later days before it lost power in the spring of 1979. Labour Ministers had meetings with the pension funds but there was a leak and they drew back from any firm commitment.

One other change which has taken place recently, and which has less to do with the change of political direction, is that the corporation itself now does the work that was previously carried out for it by the district valuer.

The more commercial practice, which the EIEC has adopted is to set a rent at the level which it is expected to reach within a few months when the tenant takes up the lease. By undertaking this work the corporation is more in control of its own affairs.

The big question that must be asked here is whether this change of policy will work, whether the emphasis on institution funding will result in factories going where job creation is needed.

The success in raising capital from the institutions indicates that they are willing to put money into factories in places such as Cwmbran and Gateshead. The official view is that the institutions have £1.5bn a year to put into property and that it is impossible for some of that not to go to the development areas.

The test will come when the economy picks up and there is more building going on in the South East and the Midlands. Will the funds then be as keen on the assisted areas?

CONTENTS

ADVANCE FACTORIES II

Radical shake-up under way to find more tenants

WITH 99 FACTORY closures and 11,000 jobs lost the past year has been a traumatic period for the English Industrial Estates Corporation, to say the least.

The recession coupled with changes in Government policy has forced the corporation into arguably the most radical review of its activities since it was set up 45 years ago in the wake of the Depression.

The economic situation has left the EIEC with a growing stock of empty factories and little prospect of finding new tenants for many of them. At a political level the Government has told the corporation that it must become more market oriented and less dependent on Treasury funding.

The corporation, which previously has concerned itself solely with being one of Britain's biggest landlords, is also being encouraged by the Government to become an industrial promotions organisation as well.

An aggressive marketing effort has been launched with an advertising campaign that seems to be paying dividends. Inquiries are currently running at around 180 a month which is *three times the number* generated under the old system, but it is too early to assess how high a proportion will be successful.

The last financial year was the worst in its history, with 99 factories totalling 1.6m sq ft being vacated with the loss of some 4,000 jobs. Redundancies among the remaining companies cost another 7,000 jobs and brought the occupancy figure which has been as high as four jobs per 1,000 sq ft down to a record low of 2.6 jobs.

But to put the losses in perspective, more than 1,000 companies still occupy factories on the corporation's industrial estates and provide an estimated 92,900 jobs.

Currently, the corporation has *476 unoccupied factories on its* books, totalling nearly 4.2m sq ft—almost 20 per cent of the corporation's existing floor space—and a major construction programme half completed. The current building programme will provide a further 9.6m sq ft of space in 576 factories.

The corporation was a pioneer of advance factory building in Britain and philosophically takes the view that the present glut of vacant space is not so much a problem but more an opportunity to build up a reserve ready for the eventual upturn.

It has been forced to continue with a major building programme as the vacated factories are usually older, larger premises in areas where there *is little demand* while current requirements are for smaller factories in inner cities and other areas with special problems.

Only 27 of the factories in the current programme are of more than 7,500 sq ft and the only two over 13,000 sq ft are being built for Lucas Aerospace at Bradford and Huyton in Liverpool.

However, against this bleak *background demand for smaller* factories has never been better. Over the last financial year the corporation let no fewer than 243 factories and workshops totalling 1.4m sq ft that should eventually provide 3,500 jobs.

The strong shift towards smaller units resulted in last year setting a record for the number of lettings but not the total floor space allocated. Strongest growth was in demand for the very smallest units, workshops aimed at entreprenuers opening their first factory. Nearly 50 units of under 1,000 sq ft were completed and, if previous experience is anything to go by, they will be occupied within a matter of weeks.

The biggest building programme *is in the North West* where 578,000 sq ft of factory space is being provided on Merseyside and in Manchester, Wigan and Workington.

In the corporation's traditional home ground of the North East 471,000 sq ft of accommodation is under construction. A further 235,000 sq ft is being built in Yorkshire and Humberside and

EIEC

JIM MULRENAN

85,000 sq ft in Devon and Cornwall. The area, receiving the most intensive attention is Derwentside, just 10 miles east of the organisation's Gateshead headquarters.

Closure of Consett steelworks and of the Ransome Hoffman Pollard bearing factory at Annfield Plain has put one man in three on the dole and made Derwentside Britain's worst job blackspot.

The corporation's contribution to Derwentside's fight to rebuild its industrial base has been the construction of 44 small units, half of which have already been let. It currently has 129,000 sq ft of space ready for occupation in Derwentside and 20 medium-sized factories totalling a similar area under construction.

The future building pattern will be different, however, unless the recent riots lead the Government to revise its plans to remove development area status from Yorkshire and Humberside and much of the North West. The down-grading will prevent the corporation spending public funds on several towns including Manchester and Leeds but there could still be a limited building programme using privately raised finance.

The building programme in future years is likely to be considerably smaller for the corporation is to commit an increasing proportion of its reserves to refurbishing older factories that in the case of Team Valley and the other pioneering industrial estates can be more than 40 years old.

The larger factories that have been sticking on the market are also to be sub-divided into a mixture of workshops and nursery and medium-sized units.

The factory closures have resulted in a loss of revenue for the corporation but not the cash crisis that might be expected, for long-term leasing arrangements can mean that even an empty factory continues to bring in rent.

Rent income in fact has increased over the year due to a rise of 15 to 20 per cent in rents and the fact that smaller units generally command a higher price per foot of floor space. A typical rent for a modern factory of about 10,000 sq ft would be £1 sq ft rising to £1.60 sq ft on a 2,500 sq ft unit.

Older factories in some of the North-East's less attractive areas would fetch very much lower rents and terms would be open to considerable negotiation.

Up to now practically all the corporation's funding has come from the Treasury but from this year there will be substantial outside investment. The National Coal Board pension fund has agreed to provide £15m and the Legal and General Assurance Society, Barclays Bank and the Midland Bank are each putting in £5m.

Private sector finance will provide about 20 per cent of the organisation's requirements this year and the proportion is expected to increase as further investors are attracted.

Quick response to problems

THE Northern Ireland Department of Commerce responsible for promoting industrial development in the province, recently responded to an industrial crisis in the town of *Antrim, 20 miles from Belfast*, by announcing plans to build a 2,300 sq metre advance factory in the area.

Antrim had lost its major employer, British Enkalon, which pulled out when it failed to reach agreement with the Government on the financing of a survival plan. Within hours of negotiations breaking down, Mr Adam Butler, the Minister *of State* in charge of industrial affairs, promised that the new factory would be erected.

Mr Butler recognised that this was no compensation for the loss of 1,300 jobs. After all, a tenant will have to be found before employment opportunities can be recaptured. But without the facility, Antrim *might* lose out in the fight to attract employers.

The most significant point, however, is that the department was able to move speedily to meet a localised problem. At a time of recession, the Department of Commerce is endeavouring to take the most flexible approach possible to its advance factory programme.

In the past the building programme has been fairly rigid, with a predetermined number of factories for predetermined *spots*. With closures becoming more frequent — and often devastating to a local community—the ability to respond to rapid changes in fortune has become necessary.

The provision of advance factories has for a long time played a key part in the industrial development drive. For a new project a ready-to-occupy factory may eliminate 100 per cent of capital investment on land and buildings. When taken together with high financial incentives, this makes the region's package the most attractive in the UK.

Northern Ireland's advance factory designs range in size from 100 sq metres and 300 sq metres at the lower end up to 3,400 sq metres at the top. The smaller units are by and large for tenants found by the Local Enterprise Development Unit, the state-controlled small business agency which boasts considerable success in generating new jobs. However, the department itself also makes use of the smaller units in cases where it attracts new projects which have humble beginnings.

The department's total factory stock stands at 1,918,000 sq metres covering 467 factories. About 35,000 sq metres—close to 2 per cent of the total stock—is ready for immediate occupation. This total figure represents 46 separate factories, the majority of them at the smaller end of the size scale, but there is one big factory of 7,000 sq metres near Belfast waiting for a tenant. Department officials pride themselves on the broad spread of available units throughout Ulster's six counties.

One gratuitous but unwelcome spin-off from economic

A standard 1,500 sq metre government factory in Omagh, Co Tyrone. Provision of advance factories has been a key part of the province's development drive

decline is the number of factories — many of them fairly modern — which have been left vacant by company closures, particularly in the man-made fibres and textile sectors. The vacated plants often are of a highly-specialised nature and they therefore present a problem in attracting a new tenant who would replace the *jobs lost to the community*. However, space is available and is of value even if only part of a vacant factory is used in the initial years.

In one instance, Courtaulds has pulled out of its largest Ulster fibres complex at

NORTHERN IRELAND

BY A SPECIAL CORRESPONDENT

Carrickfergus but has offered accommodation to local business interests and has attracted tenants into what has become a new trading estate.

Advance factories are, of course, designed to suit the largest variety of manufacturing purposes as possible. Each of the department's units is provided with sufficient surrounding land to allow for at least 100 per cent expansion, whether it be on the arrival of a tenant or at a later date.

The factories are provided on a standard 21-year lease with rent reviews after the seventh and 14th years. This is likely to change to five-year reviews in line with policy in Great Britain. The department's rental policy is currently under review.

The latest published factory rents range from £4 to £9.90 per sq m per annum. All leases can include an option to purchase if required.

An initial five years rent-free and a postponement of a rent review until the 14th year is available for new projects at the department's discretion. The decision on this form of added incentive is in the hands of the department's industrial development negotiators. But given the intense competition for scarce mobile investment, especially from overseas, the granting of rent-free periods and other concessions is fairly widespread.

Some 33,000 sq metres of factory space in 51 units is currently under construction in the province. The majority of these projects are catering for expansion plans of companies already in Government factories.

One of the most heartening in terms of overseas investment is the building of two additional units alongside two separate existing plants in Belfast occupied by the Fisher Body division of General Motors. The company chose Northern *Ireland as the location for the* manufacture of seat belts and other components for GM's European car production.

An interesting aspect of Fisher Body's arrival was that the company was particularly attracted by a Government factory at Dundonald in east Belfast which had been left empty when Rolls-Royce closed its Ulster engineering operations.

The adaptability of standard factories is well illustrated at Coleraine, where a former shoe factory is now occupied by a U.S. concern, AVX, making ceramic capacitors. Elsewhere, extensions are being constructed for companies such as Glen Electric, the Newry-based manufacturer of home heating appliances, for the VF Corporation which has a big stake in *the local clothing industry*, and for Metal Box.

In Belfast's inner city, large areas have been ravaged by necessary housing redevelopment, by the decline in trade and by the violence on the streets. The Government's response to the needs of business in British inner cities has been the creation of Enterprise zones, one of which is being established in Belfast.

Before this idea was hatched, the department had sponsored the development of small clusters of accommodation built *around common courtyards* and designed for occupation by smaller companies.

Two of these *speculative* clusters have been in operation for a number of years, proving particularly attractive for small-scale manufacture. The third—of 3,300 sq metres comprising 14 units—is about to be joined by a fourth, smaller nest of eight units totalling 1,200 sq *metres*. The contract for this is about to be placed.

The department is anxious to see the private sector become involved in factory building. In a depressed area such as Northern Ireland during a period of particularly low demand, it is unrealistic to expect much enthusiasm from private developers. However, a draft Order in Council is currently passing through the *parliamentary process* and this will enable the Government to offer grants to anyone who constructs industrial premises which will be occupied by a company qualifying for industrial assistance.

هكذا من الأصل

Adaptable approach brings results

SCOTLAND HAS had to cut its cloth to suit the changing shape of demand for advance factory space. The results of this adaptability are paying off in terms of new lettings and sale of factory units.

But the adjustment has also meant lowering sights in terms of advanced factories as a mechanism for creating jobs and attracting manufacturing.

One of the key developments in Scotland has been the shift of emphasis from large to small factories of under 1,500 sq ft. These are units where about a dozen people are employed.

The units are called by various names such as advance workshops, enterprise workshops, starter factories and nursery units.

These small factories do not make big inroads into unemployment, especially in areas like Strathclyde near Glasgow where unemployment is over 16 per cent. Nor do the small units achieve what was one of the basic aims of Government-backed advanced factory development in Scotland—the revival of the manufacturing sector. Many but by no means all the units are finding a growing demand from the service sector.

Scotland has six sources of advanced factories: the Central Government-funded Scottish Development Agency and the Highlands and Islands Development Board, the 12 Regional Councils, and some of the urban districts within each region, the five Scottish New Towns, and private industrial development.

The country's New Towns were created to fill the void for *jobs and production in areas* where the heavy industrial base was falling into terminal decline. Advance factories had been a *major* drawing card for the New Towns, as well as the other authorities, to bring in industry from abroad and within the UK.

Advance factories have been instrumental in the growth of Scotland's micro-electronics industry. More than 200 electronics companies, employing more than 38,000 people, have been set up, creating the largest industrial concentration in this field outside the famed Silicon Valley in California.

There have been other successes in the manufacturing sector, but the service sector has now been welcomed and encouraged by all the various regional and local authorities. It is this sector which has produced the tenants for the smaller factories.

SCOTLAND

MARK MEREDITH

The developers have found the expanding service sector has some special advantages. It has helped keep Scottish labour and brainpower in Scotland. Backed by government grants, the small units are a boon to entrepreneurs who might otherwise have gone south or abroad.

As an example, the Highland Regional Council faced big redundancies in Fort William following the closure of the town's pulp mill. It started a programme of advance workshop construction.

Among the first applicants were two engineers made redundant from the Wiggins Teape factory. Mr Robin Smart, a welding engineer and Mr Ivor Erskine, a mechanical engineer, *moved into one of the council's* new workshops just outside Fort William. With their redundancy money they bought a £2,500 bandsaw and £2,000 worth of welding equipment. The council also gave them a two-year rent-free start-up period.

"We were looking for a small factory but until that time all the units on offer were too big," said Mrs Carol Erskine, wife of Ivor, who now does the accounts for the company, Lochaber Engineering Services.

The small unit, now employing three welders, handles metal fabrications and managed a turnover of £87,000 since last November when they moved in.

Elsewhere Livingston New Town has launched a programme to develop a chain of small service units of between 950 and 2,250 square feet each. Irvine New Town authorities admit the small advance factory unit needs a push in their area where units start at about 3,000 sq ft.

Despite the growth in small factory units, the plum for all regional authorities remains the big company ready to move into a unit of 30,000 sq ft or more which promises more extensive employment.

The Scottish Development Agency is Scotland's largest industrial landlord. With over 260 factories it has about 1.5m sq ft of factory space ready for occupancy or under construction.

About half the advance factory construction is in the Strathclyde area where the agency has embarked on urban renewal and job creation schemes.

The development agency seeks larger factories which offer greater promise of expansion in terms of space, production and employment. It aims to build sufficient units per year to keep its margin well ahead of demand.

Some companies can qualify for concessionary rates or rent-free periods. Typical rents for agency property range from £2 per sq ft per year to £1.10 per sq ft for large units. This range is fairly typical for other authorities. In some cases rents can be as low as 40p a sq ft for secondhand factories.

Worker at Prosper Engineering, which moved into the SDA's 100th new factory, at Stewarton, Ayrshire

The agency also offers a large selection of used factories. Recently it paid £850,000 for part of the former Singer works in Clydebank to create a *number of small enterprise* workshops. However, used buildings are not always easy to divide to suit smaller companies.

Local authorities with job creation in mind gear their rents differently to other developers such as East Kilbride New Town, which sets its rents by open market rates

East Kilbride recently brought in one large company, Rockwell International, taking 60,000 sq ft for the manufacture of industrial valves. Another company, Grey Tool (Europe) Ltd expanded its existing plant from 48,000 to 135,000 sq ft to enlarge its capacity to produce oil production equipment.

Among the other Scottish New Towns, Cumbernauld has 29 factory units on offer or under construction, ranging from 2,000 to 30,000 sq ft, and Livingston New Town has 32 units available from 3,000 to 50,000 sq ft. Irvine offers advance factories of between 3,000 and 75,000 sq ft and Glenrothes in Fife has a rolling construction programme covering developments of all sizes of factory.

While a plentiful array of advance factories are on offer in Scotland and the trend to smaller service units is being absorbed into planning, there are other significant developments.

The shift away from heavy industry to "clean" factories producing no smoke or effluent has provided the opportunity to get away from the need to site factories away from centres of population and in stark wasteland surroundings.

The environment for factories is becoming a vital factor for companies planning a move or expansion. New Towns like Irvine on the Ayrshire coast offer the kind of semi-resort environment that relieves the feeling among workers and management that production can only take place in a concrete wasteland.

Building to win the redundancies battle

THE BUILDING of advance factories in Wales has grown into a major plank of economic policy. Ever since 1936, when the government of the day sponsored the setting up of South Wales and Monmouthshire Trading Estates to bring new job opportunities to the depression-ravaged mining valleys, public sector industrial estate and advance factory building has played an increasingly important part in the development and diversification of the Welsh economy.

From those pre-war beginnings sprang the Welsh Industrial Estates Corporation which, *by the time it handed over its* functions to the newly-created Welsh Development Agency in January 1976, had built up an industrial property portfolio totalling 16m sq ft.

Under the WDA there has been a dramatic expansion of building activity. The development agency currently claims to be the largest developer of industrial property in Western Europe. Certainly, it is presently involved with the largest advance factory building programme of any agency in the UK, with more than 3m sq ft of new factory space either under construction, out to tender, or on the drawing board. In the current financial year it is due to complete on average one new advance factory every day.

The agency, with gross annual expenditure currently running at £52m, is also responsible for derelict land reclamation, which often usefully complements its industrial land development, and also has a direct investment role akin to that of the National Enterprise Board, though of more modest proportions. But both these functions are dwarfed by its advance factory building programmes which both the present Conservative Government and its Labour predecessor have made the centrepiece of their response to Wales' employment difficulties.

In Mid Wales, the agency's country cousin, the Development Board for Rural Wales, also has laid strong emphasis on providing advance factories as the principal means of halting and reversing the area's century-old problem of rural depopulation.

Since it was created four years ago, the DBRW has more than doubled the number of advance factory units under its management, to over 200. And it currently has a further 70 units either under construction or on the drawing board.

In practical terms, moreover, the policy was vindicated very early on in the WDA's history when, in 1977, the Ford Motor *Company decided to opt* for the agency's Waterton Industrial Estate at Bridgend as the site for its £225m new European engine plant.

Among Ford's many requirements was a need to get the project under way quickly. Without the availability of an already prepared site, on which construction work could begin almost immediately, Wales might not have beaten off the very intense competition from other parts of Europe for the project.

Within a year of clinching the Ford project, the development agency was faced with its first major challenge arising from steel redundancies: the outright closure of the British Steel Corporation's East Moors, Cardiff, steelworks, and the disappearance of iron and steelmaking at Ebbw Vale. The two closures created more than 5,000 redundancies overnight.

The Labour Government stepped in with special grants to the agency totalling £21m for crash advance factory building programmes in both areas, setting a precedent which has been followed closely by the Conservatives as thousands more jobs have been axed in the Welsh steel industry.

Long-term plans for the redevelopment of the East Moors site allow for the provision of more than 2m sq ft of new factory space capable of supporting more than 6,000 jobs. But while waiting for demolition and site clearance work to be completed, the agency has provided 34 factories on nearby land, and 32 are already occupied by companies expected to provide *1,100* jobs.

WALES

ROBIN REEVES

At Ebbw Vale, 70 new advance factories have been built since the rundown of iron and steelmaking began of which 48 have so far been occupied promising eventually some 3,000 jobs. The response has also included the development by the WDA of a new 200-acre industrial estate on land carved out of the mountainside alongside the Heads of the Valleys trunk road.

Since the Conservatives assumed power in May 1979, iron and steelmaking has been ended at Shotton, North Wales, with the loss of more than 8,000 of the 10,500 jobs at the Deeside works. Output has been halved at both the major South Wales steel plants, Port Talbot and Llanwern, with well over 11,000 redundancies. The Welsh tinplate industry has lost more than 3,000 jobs and, most recently, the Duport steel mill at Llanelli has closed outright with a further 1,200 redundancies.

In the case of Shotton, the Government responded with a special grant of £15m to help the WDA push ahead with the development of a major new estate, the Deeside Industrial Park, and the construction of over 100 additional advance factories in the area, amounting to 1m sq ft of additional *industrial space*.

The cutbacks at Port Talbot and Llanwern have resulted in a special commitment of £48m over two years on top of normal funding. The WDA is planning a total of 256 advance factories totalling 1.7m sq ft, to attract new employment to affected communities. It includes the opening up of two new industrial estates.

One is a 180-acre site alongside Llanwern steelworks which is to be developed at a cost of £10m excluding factories, and which eventually should support 6,000 jobs. The other is 146 acres at Baglan Moors, near Port Talbot, capable of supporting 5,000 jobs, which is expected to be completed in 1982 at a cost of £7m.

Now, as a result of the Duport closure and the uncertainty overhanging tinplate, the agency has just announced its intention to spend £8m in the Llanelli area over the next three years.

All these programmes are in addition to the agency's general programme of advance factory building in the rest of Wales. A total of 177 units is also under construction in Dyfed, Gwynedd, rural Clwyd and mid-Glamorgan.

More important still, the agency has taken the lead in putting its resources into a larger number of smaller units—of 5,000 sq ft, 3,000 sq ft, 1,500 sq ft and even as low as 750 sq ft and 350 sq ft.

Rents currently vary between just under £1 to £2.50 a sq ft, the higher prices being for smaller units along the M4 corridor. Rent-free periods of up to two years can be negotiated by incoming tenants. Despite the recession, *rental* growth has been maintained in the more attractive areas.

In rural Wales, the DBRW has even marketed its space as "a factory plus house for £30 a week," mobilising its unusual power of being able to build houses as well as advance factories. A number of budding entrepreneurs have been attracted by the arrangement since it has enabled them to use the proceeds from the sale of their own house as capital for the business venture.

More significantly, the WDA's modular factory range of coated metal buildings is also meeting the requirements of the private property sector. With Government encouragement, it has persuaded the Norwich Union insurance group to invest £5.5m in 38 of its factories totalling 240,000 sq ft on the Waterton Industrial Estate, Bridgend; and CIN Properties, on behalf of the coal industry pension fund, to invest £3m in nursery units and warehousing.

The agency has also entered into an agreement with Wimpey Construction (UK) to build 184,000 sq ft of factory space at Newport, Gwent, under a £4m design-and-build package. And a further £3.7m was raised last year by sales of WDA units to their occupiers.

These deals point the way to the future. Mr Nicholas Edwards, Welsh Secretary of State, made clear in the Commons recently that he envisaged a slowdown in the rate of new factory starts as the steel-closure related programmes are completed—certainly those financed from the public purse. While there had to be sufficient space to meet demand, it should not be so much as to depress the market and drive out the private sector, he said.

At the same time, the agency itself hopes to raise some £16m from the private sector in the current financial year to finance its building activities which, if its current lettings performance is maintained, is achievable.

Funding complex as budgets tighten

LOCAL AUTHORITIES, particularly in the major conurbations such as Liverpool and Tyne and Wear, have not been lax in recent years to respond to the needs of their local economies but funding has often been complex as controls on expenditure have become tighter.

Mr Bob Bird, secretary of the Association of Metropolitan Authorities' planning and transport committee, said: "The difficulty faced by local authorities is the capital controls on financing."

The squeeze on local authorities Locally Determined Capital Expenditure has been going on since 1975 and has continued under the present Government. So those local authorities wanting to build small factories—nursery units—or refurbish existing properties, have to evaluate this need against other services where they have statutory obligations.

Some local authorities, the Greater London Council for example, have fed this need by entering into partnerships with private developers such as Regeneration, which specialises in the conversion of inner-city properties into small industrial units. At Wandsworth, for example, the GLC bought the lease on an old paint factory and then sub-leased it to Regeneration which is currently refurbishing the building to provide 42 workshops.

However, such arrangements in the future may be affected by the Local Government Planning and Land Use Act 1981 in its sections on new capital controls on expenditure. Here, a local authority which acquired property under a leasing arrangement, rather than buying outright, would have to evaluate what the cost would have been if it had bought the premises and this would be chalked up by the Government as current capital expenditure. Certain exemptions are made in the Act but arrangements such as the 25-year lease the GLC holds on the Wandsworth workshops would not be exempt from capital controls.

Newham Borough Council in London has a similar arrangement with Regeneration and the company is currently being engaged in the refurbishment of an old Plessey Works in Stratford to provide 72 small workshops, ranging from 150 sq ft to 2,500 sq ft, mainly for the first start businessman. Mr Tom Brandon, Industrial Coordination Officer for the borough, said the new Act could put "lease-back schemes out of court."

The intention of the Government's action cannot be faulted given its drive to control local authority expenditure and its fears that they could circumvent controls by leasing property rather than buying it within the prescribed limits. However, it would be unfortunate if the provisions cut off attempts by local authorities to work with private developers in this buoyant and vital new sector.

The GLC, under its former administration, was not slow to appreciate the advantages of entering into deals with industry. In June it sold an unused warehouse in Spitalfields, East London, to a joint company set up under the auspices of the London Enterprise Agency which is converting the premises into 45 small workshops at a cost of more than £600,000.

Under the arrangement the warehouse was sold at a nominal price but if sold during a specified period the LA can claw back any profit over and above development costs.

The Spitafields project is the first venture by the London Enterprise Agency in which it will act as developer. The agency, set up two years ago by nine major industrial and financial groups, has concentrated so far on providing a counselling service for small companies.

In other major conurbations it has been those local authorities in receipt of special government funding, such as Inner City Partnership money, which have been able most effectively to plug the gap left by commercial developers which have concentrated on larger units. Such authorities include Birmingham, Liverpool and Newcastle upon Tyne.

Mr Graham Shaler, planning officer for Birmingham metropolitan district council, said that since 1978 about 400 factory units had been provided in the city of which 100 were public sector funded. "The problem for a local authority is that if it has only locally-determined money available for such projects there is a clash of interests."

He said that Birmingham had been so limited by Mr Michael Heseltine, the Environment Secretary, in its locally-determined financing that with an annual turnover of about £500m it had only about £2.5m available for locally-determined finance which is used for leisure services, libraries and small industrial units to name but a few of the demands.

NURSERY UNITS

LISA WOOD

However, Birmingham is in receipt of Inner City Partnership funding and some of this money has been used for the construction of its small industrial units and the refurbishment of premises. In 1978 the budget for this work was £2.5m. This has increased to £4m this year.

Birmingham's latest project has been the provision of New Enterprise Workshops which are "seedbeds" for new businesses. This move has been a sound response to a city with traditional low unemployment but which has been severely affected by the recession. The authority has now 31 units designed for new businesses and it has just gone out to tender for a third workshop which will provide 32 more.

Licenceholders in the small premises, which range in size from 150 sq ft to 850 sq ft, pay only 25 per cent of the market rent in the first three months of occupation. This is increased to full rent at the end of the first year. The through-put of tenants is intended to be on a two-year basis when it is hoped that a successful business could move on to alternative, larger premises.

The two existing New Enterprise Workshops—in Birmingham's inner city districts of Balsall Heath and Hockley Port—have common workshop areas where machinery, bought by the local authority, can be used communally and paid for on the basis of time. Mr Shaler said: "The idea is that the new businessman does not have to pump money into plant at a time when cash flow could be a problem."

The workshops each have a manager who can give tenants technical advice and provide useful contacts. The LA also has a joint working group with Birmingham's Chamber of Commerce. Here businessmen can give tenants what Mr Shaler called "godfather advice." Mr Shaler said: "This sort of business development advice is very important because starting a business can be a very lonely occupation.

"We are doing as much as we can to help these first start businessmen but one problem is the lack of business expertise. For, basically, we are changing a skilled worker into a businessman. Therefore we have to either buy-in advice or depend on volunteers from industry."

The authority currently has a waiting list of about 30 prospective first-start business tenants. All new tenants are interviewed by the council and asked for their business plan. Most of the existing tenants are engaged in traditional Black Country occupations—such as metal working—but new industrial concerns, involved in micro-electronics, for example—are emerging.

Tyne and Wear County Council is as explicit as Birmingham in defining its role. "We have never set out to be factory builders," said Mr Mel Hague, the county's planning officer. "What we have done is plugged a gap.

"When we first started building units in 1975 the English Industrial Estates Corporation advised us against the move. Today the EICU is itself building similar units. If we never build another factory we have achieved our objective for many other bodies are building them now."

Since 1975 Tyne and Wear has built 150 units and funding has gradually moved away from totally rate funded to a situation today where about 50 per cent of the activity has been funded by moneys from the Urban Programme. The area also has development area status and so additional Government grants are available in all its five districts where new factory units have been purpose built. Most of the units are under 2,500 sq ft.

"Opinion generally has been in favour of the county's programme, and we have helped the local economy within our limited resources," Mr Hague said.

Programme transferred to EIEC

THE Development Commission and its main operating arm, the Council for Small Industries in Rural Areas (COSIRA), have been active in building advance factories in rural England since 1975 as part of their function of staunching rural depopulation and providing a more diverse economic base for country areas.

During the past six years the Development Commission has had permission from the Environment Department, its sponsoring Ministry, to build 1,078 advance factories with a total of 2½m sq ft. So far 480 advance factory units, totalling 1½m sq ft have been built.

Work by the commission and COSIRA is within special investment areas. These need not necessarily coincide with the Department of Industry's special assisted areas and the criteria the commission uses are not primarily unemployment levels but rather rural depopulation figures.

Special investment areas cover the rural parts of about 20 English counties: Cleveland, Cumbria, Derbyshire, Devon, Dorset, Durham, Hereford and Worcester, Humberside, the Isle of Wight, Lancashire, Lincolnshire, Norfolk, Shropshire, Somerset, Staffordshire and the three Yorkshire Ridings.

The commission has also developed the concept of pockets of needs areas based on the view there are such places even in the most prosperous parts of the country. There have been approvals for 40 projects in such areas although the scheme is currently under review.

The Development Commission traces its history further back than the Welsh and Scottish Development Agencies and it was in fact set up by David Lloyd George under the Development and Road Funds Act in 1909. Its role has changed considerably over the years and is shortly to change yet again.

At the beginning of October the advance factory functions of the Commission will be transferred to the English Industrial Estates Corporation which already handles advance factory building in the urban assisted areas. The transfer has been planned for the past year and the motive behind it by the Government is to rationalise the administration of the advance factory programme. Schemes are presently being handed over by the commission to the EIEC.

The present system for advance factories works as follows. The Development Commission is the administrative body which liases with the DoE and is responsible for policy and the broad thrust of the advance factory programme. It employs 32 people and has a budget this year of £20m, of which £3.5m comes from factory rents.

Most of the fieldwork is done by COSIRA which employs 316 people and is based at Salisbury in Wiltshire. COSIRA is organised on a county by county basis with organisers in each. It has provided small-scale loans to private manufacturing and servicing companies for more than 40 years but in recent years has concentrated on building projects.

The changeover in October means that the English Industrial Estates Corporation takes over the rest of the commission's advance factory programme. COSIRA will continue with its management and advisory services and will also have the power to continue extension work.

The programme is normally done on a five-year basis with a self-policing mechanism on the number of units built in any one year in a particular area. This ensures that only one year's supply of accommodation can remain unlet at any one site. Advance factories which range in size between workshops of 500 sq ft and 5,000 sq ft are normally built in country market towns or larger villages identified as key settlements by local authority structure plans.

Most of the advance factories are rented, although as the five-yearly rents come up for review there appears to be increased interest in buying the factories. The commission has sold 20 units to occupiers so far and is in negotiation on another 20.

Development Commission factories have a good letting record. Out of the 480 units the commission has completed, 61 are still empty although the majority are the smaller workshops. The only larger units that are unlet are in the far north badly hit by the double effects of rural depopulation and the general recession.

It is impossible to assess average rents for Development Commission factories but the range seems to vary from between £1 to £2.50 a square foot. But many of these rents will be substantially increased when the tenure comes up for renewal and there are of course also regional differences.

The main shift that has occurred in the commission's work has been the change in emphasis from social goals of creating more employment and boosting rural industry itself to a more commercial approach. Its methods and functions were the subject of a review when the Conservative Government took office in 1979 and this review, completed in the spring of 1980, is still being considered by ministers.

DEVELOPMENT COMMISSION

GARETH GRIFFITHS

The commission through COSIRA is also empowered to lend up to £50,000 for building work. The big advantage to the borrower is that the capital is made available for between ... and 20 years at advantageous rates.

But in line with the Government's emphasis on involving private funds and a more commercial approach to advance factory building, the commission and COSIRA now both see their role as pump priming, using public funds to top up finance from the private sector. At the same time there has been moves over the past couple of years to persuade local authorities who indicate a ... buy sites for development, to buy more land than COSIRA needs in order that there will be room for private sector spin-off development.

The changeover has not made any marked effect on the work of the commission in special investment areas except in one respect. During the time of the review the rolling programme, normally of a five-year duration, has been reduced to t... years. This has had some impact on the scale of the commission's building.

هكذا من الأصل

Maintaining a cautious eye on the market

THE PRIVATE developer is not a new phenomenon in the advance factory market. His target areas are more clearly defined, his disciplines are basically financial and—where government aid, encouragement or exhortation are concerned—the professionals' course of action tends to make sense in property market terms.

Mr. Harry Axton, chief executive of Brixton Estate, lays out a recent history of private sector industrial property development in the UK.

"In the 1960s names like Slough Estates, Brixton Estate, Percy Bilton and Allnat London Properties were the ones which mattered." These companies put up a mixture of factories and warehouses at that time—when warehouses were the more difficult proposition of the two, attracting rents (in old sterling) of 7s 6d a sq ft compared with 8s to 8s 6d for a factory.

Early in the 1970s two things happened, Mr Axton says. First, the institutions, which had difficulty in finding appropriate office investments in the UK, decided to switch to prime industrial space; and, second, a lot of other investors followed them in.

With the country's long-term switch from an industrial to a service economy, this helped to overcome the previous factory/warehouse differential, leaving nothing to choose on rental grounds.

Rents shot up with institutional demand, some institutions coming in as developers themselves, and the value of industrial land climbed accordingly; its reciprocal, the yield of current rents on purchase prices, dropping from 8½ per cent for prime property to 6½ per cent.

The switchback continued. By 1976, after the collapse of the property market, yields went out to between 8½ and 15 per cent depending on the quality of the property, coming back to some 6½ per cent again in the late 1970s as the institutions came back as buyers.

More recently we have seen what Mr Axton describes as the "cult of the small unit," with government raising the temperature of the market with specifically-designed tax incentives. The effect of these, Mr Axton says, have coincided with the industrial recessions which, in industrial property terms, have divided the country.

Brixton Estate does not exactly think that the world ends at Watford, but Mr Axton says positively that there is a specialist industrial market in the South-East where factory rents have not dropped. The company has recently bought a 13-acre site at Hemel Hempstead, for example, and plans a second phase at its Dunstable development.

Increased tax allowances do not make much difference to Brixton Estate, says Mr Axton; it does not pay much mainstream tax anyway, and the company does not build very small units.

It would not, says Mr Axton, build speculative units in outlying parts of the country. Too many people have already built too many small units, he says. In the South-East, although things could be better, there is

PRIVATE SECTOR

WILLIAM COCHRANE

still building going on, and letting on a satisfactory scale.

Wallace Mackenzie, managing director of Slough Estates, says that no more than one or two of the factories which the company builds each year are pre-let. All the rest are advance factories.

"In Slough, if we can get industrial permission instead of warehouse permission, we take it. What we need is the flexibility to let buildings to either Class 3, 4 or 10 users" (classes 3 and 4 cover most light industrial premises, class 10 is for warehouses). "This," he contends, "would encourage the private sector to build more."

With small units up to 2,500 sq ft (nursery units by definition) change of use is automatically available. Government thinking, currently in the form of draft proposals, would take the limit higher. "The upward limit has not yet been set," says Mr Mackenzie, "but we would like to see at least 10,000 sq ft and even bigger."

In the broad run, he says, the industry is being influenced by Government. Current tax incentives for nursery units allow 100 per cent of the construction costs to be written off, in the year in which they are spent, for any building under 2,500 sq ft. That was a provision of the 1980 budget.

So quite a lot of units have been built, some to "shelter" tax more than to attract tenants, and in some parts of the country this has been overdone. But for Slough Estates the nursery unit industrial buildings allowance (IBA) has been an incentive. The company has built to these specifications in "numerous" parts of the country—including Slough, Weston-super-Mare, Bristol and in Birmingham.

Nursery units apart, there was for a long time a 50 per cent IBA on any sort of factory building anywhere in the UK. In the 1981 budget this "blanket IBA" went up to 75 per cent.

Slough Estates is building for its own portfolio. It reckons that the increase in IBA is an encouragement to additional building, and the company has been laying out very high-cost money in anticipation of what might happen to the market in the next six to nine months. It is optimistic that demand will improve; demand is not non-existent at the moment, says Mr Mackenzie, which is just as well. At any moment, he says, Slough Estates might have ½m sq ft of space ready or near-ready for occupation.

Percy Bilton's deputy chairman, Mr Alan Smith, says that two or three years ago, on the industrial side of the business, Bilton would have had anything between three and six advance factories going up on any one of its estates.

"We've stopped this, apart from in the West of London area." Primarily, Bilton goes for the pre-let and it, too, thinks that the trend to small units has been overdone. Mr Smith gives the example of a country authority which asked Bilton to put up one of these "beehive" schemes on the authority's own land. Bilton asked the authority to see if it could let it; the scheme foundered for lack of a prospective tenant.

"We don't go much further North than the Midlands," says Mr Smith. Bilton has more than 450 factories in its portfolio. Its tenants apparently are seeing slightly better order books now than they did at this time last year. But in aggregate, they are using only something like 70 per cent of the space which they occupy—and, says Mr Smith, they would probably view an industrial recovery as an opportunity, first, to utilise this space, second to go on to overtime working, and then on to a shift basis.

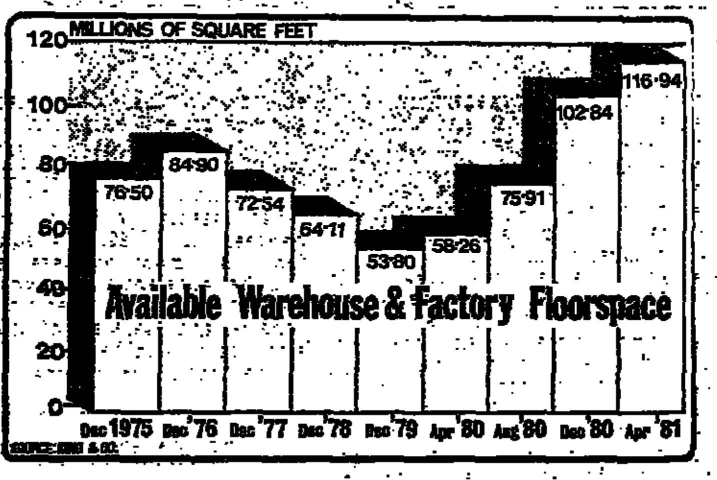
Bilton has three estates in the west of London area proceeding at the moment. Mr Smith makes a topical point: vandalism, he says, is a big problem with unlet factories, so Bilton wants to see its factories occupied. "Prospective tenants don't want to look at a place with its windows smashed."

John Taylor, London director of the Irish-based Rohan Group, has no doubt that the nursery units IBA has been effective, at least in one sense. "There must be more than 5m sq ft of them in the pipeline.

"We wouldn't want to see too many of these in the poorer areas," says Mr Taylor, "unless the local authorities take the over-riding covenant." The way it would work, he says, is that Rohan would build the factories, leasing them to the local authority as prime tenants and selling on the freehold or long leasehold to a "tax situation."

The local authority would then let out units to individuals in the area, such as non-conforming users—the latter might be someone who sets up a car repair shop in his own garage and gets the neighbours annoyed.

"The Government," says Mr Taylor, "is getting space built in out of the way places." The principals then have a hard job in letting it; "and if you want to trade it, the yields won't be that good."



Shortage of investment forces corporations to market abroad

ADVANCE FACTORIES have played a major part in the development of Britain's New Towns over the past two decades, since they have encouraged the industrial development which was necessary for their success. But a reduction of government funds now available has led to greater involvement by pension funds and institutions.

The new towns, with relatively cheap land at their disposal, particularly in their early days, were able to attract industry with great success, often being in a position to provide guaranteed housing for key employees.

Another important aspect of advance factory policy in New Towns was to ensure that new companies stayed in the area once they arrived, and for that reason most development corporations have usually allowed tenants to move to large factories whenever necessary, terminating existing leases in favour of new ones.

This has offered a considerable advantage over some purely commercial industrial estates, where a company wishing to move often has to assign a lease and then look for larger premises, perhaps on another estate or in another area.

For similar reasons, most New Towns have aimed at providing advance factories in a wide range of sizes, from workshops of about 500 or 600 sq ft, often let on a short-term basis to encourage very small companies, up to 30,000 sq ft and sometimes more, although at this scale companies often prefer to move into purpose-built factories.

Most New Towns were set up with the intention of taking population and industry from other major industrial areas, such as London or the Midlands, and in the early days this movement did occur, but relocation of industry is now taking place for more complex reasons.

It is said jokingly that most industrial development in the U.S. now takes place around the country's 10 best golf courses, but there is an element of truth in the suggestion that relocation decisions are made as much for environmental reasons as industrial ones.

This is particularly true of high-technology industry, which does not necessarily require proximity with older industry, and in fact often avoids it because the much sought-after personnel it needs are often unwilling to move to an unattractive place of work. New Towns therefore emphasise the "new" aspects of their development, which is especially attractive to American companies, and their rural surroundings are also marketed forcefully in many cases.

On the other hand, some New Towns have suffered severely since the start of the recession because they have become reliant upon "orbital" manufacturing plants owned by major industrial companies, many of which have been the first to be cut back or even closed owing to falling demand.

The recent dearth of industrial investment in Britain by UK companies has also caused problems, and many of the towns are increasing their efforts abroad, particularly in the U.S., which provides about two-thirds of all foreign investment in Europe, of which about one-third comes to Britain.

Although New Towns such as Redditch, Worcestershire, are concentrating on the U.S. electronics sector and its need to set up manufacturing plants in Europe to win a share of the large developing market, it is pointed out that the majority of U.S. investment in Britain comes from the expansion of companies already operating here.

Many New Towns, such as Milton Keynes, nevertheless have taken up the U.S. challenge and started marketing there through advertising, promotional visits and direct approaches to companies. This has proved successful in many cases, particularly where efforts are carefully directed and followed up, though the cost-effectiveness of some marketing is questionable.

Some towns have also suffered as a result of their location, particularly when there have been delays in the completion of motorway links and other important roads, and from the increasing tendency of inward investment from foreign companies to go to the southern half of the country.

The factory-building policies of New Towns have been broadly similar, due to the tendency to follow trends and remain competitive with private developers, but the most recent constraint has been pressure from the Government to reduce spending on factory development.

This has accelerated the role of institutions such as pension funds and insurance companies in funding factory developments for new towns. From the point of view of institutions, this has many advantages, since they have, for the time being at least, asured the management of properties by experienced development corporations.

Some problems are foreseen, however, when development corporations are wound up at the expiry of their statutory lives and management responsibility will come back to the factory owners. In that event,

NEW TOWNS

LORNE BARLING

it will be necessary for some new property management group to be formed, possibly bringing the institutions closer than they would wish to their investments.

Advance factory development has been fast in most New Towns, such as Central Lancashire New Town, which has constructed 2.5m square feet of factories and warehouses since 1975. Its geographical position close to the M6 has resulted in good demand for warehouse space, and a 130,000 sq ft building for this purpose is nearing completion.

As in other areas in Britain, so-called nursery units have proved most popular in Central Lancs, and when these are built in a "semi-detached" configuration, it often gives room for expansion into a second half. Rents in Central Lancs have been in the £1 a square foot category for some time, but many are now coming up for review and new space is being let at around £2 a square foot, but development corporations are often prepared to be flexible with tenants, depending on their circumstances.

However, commercial principles apply generally, since New Towns are in competition with private developers and their activities ultimately must be judged on returns on assets.

Washington New Town, in the North East, has specialised in the provision of smaller scale factories ranging down in size from 10,000 to about 2,500 square feet and is now considering the idea of 300 square feet workshops. This policy has proved successful in attracting small companies, and 24 smaller units have been let so far this year.

The development corporation goes as far as providing advice on how to set up a small company, pointing out that while many people have the necessary skills to manufacture a product, they often need help on how to sell it or run their company.

About 4m sq ft of advance factory space has been built in Washington since development started in 1968, at an average rate of around 250,000 sq ft a year. Last year the figure approached 300,000 sq ft, although building previously had been slightly behind demand.

There have been some recent losses through company failures or subsidiary closures, but with about 250 companies spread across a broad range of industrial activity, the prospects are not worrying. The growth trend is well illustrated by the fact that 25 per cent of companies in factories of less than 3,000 sq ft four years ago have now moved to bigger premises.

Washington has achieved fair success in attracting companies from abroad, particularly from Scandinavia, on the basis of its proximity to northern European ports for exporters. Even Nissan has looked at an 800-acre site as a possible location for its new Datsun car plant, and like every other industrial area of the country, Washington is keeping its fingers crossed.

Overall, industrial development in New Towns is certainly in the forefront in terms of design, in spite of the limits of having to build all-purpose factories, and the trends towards North American style "office-factories" is becoming evident, in line with demand from electronics, bio-technology and other science-based industries. As long as designs continue to meet company requirements, their future seems assured.

Finding out what clients want

Derek West: tried to pick winners

PROFILE: REDDITCH DEVELOPMENT CORPORATION

LORNE BARLING

REDDITCH Development Corporation has been in the enviable position in recent years of having perhaps four or five potential tenants for every advance factory it has built, indicating that its approach to attracting new industry is a good one.

Although it is impossible to judge to what extent Redditch's good location—close to the M5 in the West Midlands—has influenced this success (which has admittedly been less evident in the past year), its advance building policy has been carefully designed to meet changing requirements.

The man behind this is Mr Derek West, head of estates services, who recently returned from the U.S. where he has not only been promoting Redditch as a potential investment location for U.S. companies, but spending time visiting new factory developments near Boston and in Silicon Valley, California.

"We think it's important to find out what kind of factories those companies want, because that is what they expect when they come here," he said, pointing out an increased emphasis on premises with an office-type environment.

From the earliest days of Redditch New Town, designated in 1964, the development corporation has aimed at providing highly-adaptable premises in a wide range of sizes, for use by almost all light industries.

Mr West joined the corporation soon after he qualified and a short spell with BL, the latter having convinced him that industry often hinders itself unnecessarily with poor working conditions, such as those which existed then at some smaller Austin-Morris operations.

The first development by the corporation was 142,000 sq ft of advance factories in 1967, and the space was let rapidly. "Our basic philosophy was to allow people to move straight into the right kind of factory for their size and activity," he says.

Once this momentum had been created, an average of more than 170,000 sq ft of advance factory space was built every year from then onwards, with some peaks and troughs along the way. This year 215,000 sq ft of space is being built, in line with a policy of "keeping calm during recession" and building for the upturn in demand. A total of nearly 2m sq ft of advance space has now been built and another 1m is planned.

One of the major fears in Redditch has been over-dependence on big industries, a lesson learned from the closure of the large Royal Enfield motorcycle factory there in the early 1960s. For that reason the companies chosen to occupy advance factories have created a wide spread of local industry, mainly in light engineering.

This led to the temptation, according to Derek West, to discriminate against less conventional companies, but this was overcome and despite a few failures, many companies with new products or techniques have grown fast and increased the workforce at a corresponding rate.

It was also recognised at an early stage that it was essential for growing companies to be able to move up the ladder in terms of factory size, a trend which most New Towns have experienced. Redditch, having complete control of large areas of industrial space, was able to achieve this by accepting terminated leases in exchange for new ones.

One industrial estate in Redditch, which was analysed for the year 1978, showed an interesting pattern of change. It was made up of 47 factory units, ranging in size from 600 sq ft workshops to 17,500 sq ft factories capable of housing most activities. During the first 18 months of letting, 11 tenants had moved to larger premises and in the next 18-month period a further eight had moved within the Redditch area, three of them into purpose-built factories.

Mr West said: "We have obviously tried to pick winners, but often it's extremely difficult to judge a company's prospects, particularly when they have no real track record."

More recently, however, the lack of investment by UK companies and the strong competition from other towns and cities has meant that Redditch has had to seek more investment from abroad, particularly the U.S. Therefore advance factory design has had to keep pace with developments.

Mr West heads a small team of two senior and two junior surveyors, supported by draughtsmen and assistants, but the corporation also can offer companies design-and-build packages, on corporation land, to particular requirements.

"We believe we have improved with each advance factory development," Mr West said. "At the outset we did a lot of research and talked to industrialists about what they wanted. We have always tried to keep designs simple and allow for expansion. Our policy has also been to provide enough land for most factories to be doubled in size."

The corporation has pursued a policy of trying to provide high quality premises, while bearing in mind that they must show a commercial return.

Nevertheless, efforts have been made to provide better than average landscaping, more car parking facilities than other estates and to use traditional building materials where possible. Inevitably, the quality of factory cladding and insulation has improved over recent years in line with demand.

Mr West also points out that the relationship between the corporation and its many industrial tenants is very often much closer than it appears, in that business problems are discussed in relation to rent reviews, and the corporation has a role of adviser as well as landlord.

Redditch does not claim to be particularly unusual in this respect, but believes it has got across the message of being a good place for a growing company.

THE JOBS THAT ARE CREATED

New Town	WAREHOUSING No. of enterprises	Area (sq m)	Employment	Density†	MANUFACTURING No. of enterprises	Area (sq m)	Employment	Density†
Telford	82	69,025.5	1,328	19.5	181	284,383.9	6,487	22.8
Washington	62	53,474.0	1,473	27.5	113	208,743.0	6,579	31.5
Cumbernauld	76	122,548.0	2,427	19.8	74	172,873.0	5,228	30.6
E. Kilbride	165	191,036.0	4,629	24.2	160	343,352.0	12,933	37.7
Glenrothes	65	60,810.0	1,124	18.5	106	234,593.0	6,965	29.7
Livingston	53	74,099.0	1,736	234	86	211,076.0	4,791	22.7
Irvine	34	28,961.0	996	34.4	42	124,010.0	2,169	17.5

† Density measured as workers per 1,000 square metres of floorspace.

Source: Department of Industry.

Facts versus the theories

JOB CREATION

ANTHONY MORETON

IT HAS long been a canon of economic theory that manufacturing industry creates more jobs in the assisted areas than wholesaling and distribution and is a more important stimulant of activity than service industries. This has been the reasoning behind the Government's adherence to its principle of aiding only manufacturing industry with grants and other selective financial assistance.

But now an unpublished survey, conducted by an inter-departmental team, has thrown doubt on this theory. It shows that warehouses may create almost as much employment as manufacturing industry, especially where the warehouse is relatively small.

The research and its apparent conclusions are important because up to now government assistance for advance factories has been available only where the plants are destined for companies in the manufacturing sector.

An analysis of seven New Towns—the five Scottish New Towns of Irvine, Glenrothes, Cumbernauld, Livingston and East Kilbride, together with Telford and Washington in England—suggests that employment created in warehousing is in some cases only a little less than that created in manufacturing plants and in many other instances the difference is not very great.

In one town, Irvine, it would appear (as the table shows) that factories devoted to warehousing in fact create a very much larger number of jobs than do manufacturing plants. But these particular figures have to be interpreted with caution because there is some doubt over the classification of two companies which have had considerable influence on the figures. These concerns have been listed as being in the wholesaling sector but there is a good case for saying they should be listed under manufacturing instead.

When the figures are broken down by size of plant, it becomes clear that the smallest wholesaling companies on the whole create more jobs than comparable manufacturing units.

For instance, in Telford companies occupying factories with under 250 sq metres of space have a density of 44.9 workers per 1,000 sq metres of floorspace in the wholesaling sector compared with 38.4 in manufacturing.

Naturally, as the size of the factory gets larger fewer people are employed per square metre in wholesaling and in the very largest plants the employment creation factor is entirely favourable to manufacturing industry.

In Glenrothes, for example, plants larger than 10,000 sq metres have a density of 32.9 in manufacturing and only 1.5 in wholesaling. This may not be a completely true reflection of the difference (in Cumbernauld the comparison is 34.1 to 8.0) but it does indicate how very large wholesaling units employ relatively few people in relation to their size.

In general, it might be said that although manufacturing density is greater than the warehousing density, the degree of difference is not as great as might be expected from evidence arising out of previous surveys.

Rapid move paid off

MAKING THE MOVE

JASON CRISP

KENMORE Refrigeration Equipment (UK) was set up in 1973 in a hurry, in the Durham village of Crook. A British company had begun to compete and Thorn was keen to have a British source for the particular component it required.

Kenmore's parent company—operating from Arnes, about 40 miles outside Oslo—was the major supplier of the component to refrigerator manufacturers in the UK which included Thorn and Electrolux.

As the UK accounted for 60 per cent of the Norwegian company's production it decided it would have to manufacture in Britain if it was not to risk losing the market. In early 1973 it started looking at the possibilities and took the advanced factory at Crook in September. The need to act quickly was spurred by the fact that the British rival still had rather limited capacity but if it could increase it there would be too much capacity for either to be profitable.

Peter Hogan, managing director, says that at the time Kenmore had about 90 per cent of the UK market.

The particular product is a wire on tube evaporator—the coolant for the refrigerator runs through a tube in the shelf inside. It is mainly used in refrigerators sold in Scandinavia and the UK. The Italian manufacturers, the biggest seller of imported refrigerators in the UK, uses a different system with the coolant circulating behind an aluminium panel.

One of the attractions of Crook was that Thorn's plant at Spennymore was only 12 miles away. There were also generous grants available as it was a special development area, with a good supply of labour—at the time 10 per cent unemployed but now nearer 16 per cent.

In the late 1950s four out of five men in Crook worked in one of the three local mines, which have long since been shut. In the late 1960s and 1970s a number of companies came to the area, attracted by special development grants and advanced factories built by the English Industrial Estates Corporation.

Many of these have closed with the bite of recession. With 90 of its total workforce of 100 being men Kenmore is now the largest male employer in the area—although there is a larger factory mainly employing women.

The advance factory Kenmore chose had been empty for four years and occupied 22,000 sq ft. Because of the special nature of the zinc plating process needed to make the evaporators, another 14,000 sq ft had to be built on to the factory which was completed in time for the first production and deliveries to begin in May 1974.

Although the factory had been designed for heavy construction the zinc plating needed special requirements such as channels in the flooring. At the same time the parent company licensed a pipe insulation process — used in heating and plumbing — to be put into its Norwegian factory.

The process needed to make the pipe insulation required a split level plant and the advanced factory at Crook looked particularly suitable because there was a 24 ft drop from the eaves. There was also the considerable attraction of the grants. Peter Hogan says it was lucky that the factory roof was high enough, as it need not have been so big for the refrigerator component manufacturer.

As both businesses expanded a further 14,000 sq ft was added in 1976 and another 30,000 completed last October. A small engineering business has been set up to supply the group with special purpose equipment for manufacturing. It is based in two 2,000 sq ft factory units nearby.

Kenmore's 100-strong workforce ranges from ex-miners, some nearing retirement, to their children who joined straight from school. Mr Hogan says it was the miners who adapted most quickly to the work.

One reason he suggests is that they had seen their livelihoods disappear and were especially keen to have a job. The clean warm and light modern factory with a canteen was also so much better than the life they were used to in the pit.

One interesting initial problem was that the former miners had to be trained not to work so hard but use more technique and less effort.

There were redundancies not long after the company was set up, following a slump in refrigerator sales. Mr. Hogan advises companies to be careful about recruitment even in an area of high unemployment. He advises companies against taking advantage of the unemployment to pay low wages, and recommends an average level which leaves room to pay increases for increased productivity. Since 1975 Kenmore's turnover has lifted from £1m to £5m although there are still about 100 employees.

WORLD STOCK MARKETS

Firmer early Wall St. tone

AFTER TUESDAY'S downturn, Wall Street showed a firmer tendency in moderate early trading yesterday as investors became more hopeful for a decline in interest rates.

News of a 1.3 per cent fall in leading economic indicators in June, following a 1.5 per cent decline the previous month, *reinforced the belief that the* economy is slowing, and provided some encouragement that the Federal Reserve might ease its monetary policy, analysts said.

The Dow Jones Industrial Average recorded an improvement of 3.52 at 942.92 at 1 pm, while the NYSE All Common Index put on 26 cents to $75.20 and gains led declines by a seven-to-five ratio. Turnover came to 27.57m shares, compared with the previous day's 1 pm figure of 28.24m.

Garfinckel, Brooks Brothers was up $1 to $26½. **Allied Stores** said it is holding discussions with the company on the acquisition of its Miller and Rhoads department store division. **Allied** eased ¼ to $29.

Volume leader **Conoco** lost 1⅞ to $89¼. Seagram, one of its suitors, said the decision by **Du Pont**, another suitor, to raise the cash portion of its bid for *Conoco could affect the tax* treatment of that offer.

THE AMERICAN SE Market Value Index, however, receded 1.19 to 360.83 at 1 pm on volume of 2.97m shares (2.75m).

GI Export, the most active issue, *gained ⅛ to $5⅞ after* reporting higher second-quarter earnings.

Resorts International, which had lower second-quarter net, slipped $1 to $20⅛.

Canada

Markets continued to retreat in fairly active dealings yester*day morning. The Toronto Com*posite Index was 23.6 weaker at 2,285.3 at noon, while Oil and *Gas lost 83.8 to 4,874.7 and Golds* 61.0 to 3,848.3.

Closing prices for North America were not available for this edition.

Tokyo

Turnover picked up considerably yesterday from its recent low levels as the market tended to recover, led by some Blue Chips.

The Nikkei-Dow Jones Index, down 32 points the previous day, gained 38.72 to 7,823.56, as the first day of trading for August *delivery brought* back to the market buyers who had stayed away for month-end considerations earlier in the week. The Tokyo SE index improved 2.43 to 591.81, while trading volume expanded to 380m shares from Tuesday's 190m.

The start of the new month for payments brought Securities Houses and individual investors back to the market, although foreigners remained on the sidelines, a broker said.

Export-orientated Light Electricals, Motors and Precision Instruments were outstandingly strong, investors encouraged by the probable impact of the yen's sharp depreciation on those companies' overseas profits.

***TDK Electronics** climbed* Y130 to Y5,280, **Sony** Y130 to Y5,050, **Victor Japan** Y120 to Y4,270 and **Matsushita Electric** Y30 to Y1,800. **Nissan Motor** advanced Y60 to Y1,140, **Toyota** Y40 to Y1,510, **Canon** Y40 to Y1,730 and **Fuji Photo** Y70 to Y1,950.

Electric Cable concerns closed higher but below the day's best. Boosting sentiment was news that *Furukawa Electric* is negotiating with American Telephone and Telegraph, of the U.S., to supply the latter with optical fibres for communications purposes.

Singapore

The market rebounded yesterday on a wave of buying and *covering of short positions,* recovering part of its recent steep decline. The Singapore Straits Times Industrial index, which fell a near-record day's amount of 34.57 on Tuesday, regained 29.90 to 786.63.

The Kuala Lumpur Stock Exchange announcement, requesting its members to take immediate steps to clear their due and outstanding contracts by August 11, was said to have aided the rally on the Singapore market.

Among leading Industrials and Finance issues, **Hong Leong Industries** picked up sharply by *S$3.10 to S$17.20.* **Hong Leong Credit** rallied S$1.50 to S$11.00, while **Straits Trading** and **OCBC** rose S$1 apiece to S$9.20 and S$11.50 respectively.

Paris

Stocks were generally in easier vein in moderate trading as profit-taking set in after the rises of recent sessions.

The decline in the Call Money rate to 18 per cent from 18⅛ and the Bank of France's money market intervention rate cut to 17¼ per cent from 17⅜, confirming the gradual easing in French interest rates, had no immediate effect on the market.

Schneider was temporarily suspended with a day's limit fall after being suspended at the previous two sessions with limit gains. The shares were later *traded at FFr 103, down FFr 15.* **CIT-Alcatel** retreated FFr 40 to FFr 740.

Markets in Hong Kong, for the same reason as UK markets, were closed yesterday for the Royal Wedding Day.

Germany

Bourse prices tended to relinquish more of their recent improvement. Although trading began in a lively fashion, the buying orders quickly dried up *and professional traders marked* their quotes lower. The Commerzbank index eased 2.7 to 736.6.

Dealers said activity was cut by the closure of London brokers for the Royal Wedding celebrations, which drained both British and Opec *funds from* the market.

BASF was a bright exception in Chemicals, rising DM 2.30 to DM 143.00, benefitting from subsidiary Wintershall's participation in a gas project in Northern Germany.

***Deutsche Bank** receded DM 3*, **BMW** DM 3.50, **Volkswagen** DM 4.20 and Engineerings issue **MAN** DM 3.

Australia

With London dealers *out of* the market due to the Royal Wedding, and local traders *mainly waiting on the sidelines,* shares were inclined to lose further ground in subdued trading.

The All Ordinaries index declined 6.4 to a low for the year of 640.1, while the Metals and *Minerals index shed* 7.9 to 517.5 and the Oil and Gas index 8.6 to 793.1.

Tuesday's disappointing drill test news on the Yarrada No 1 well continued to dishearten oil speculators who, more or less, *stayed out of the market yester*day. Most of the key Canning Basin issues failed to record any trades.

Metal Miners were weaker, although London Commodity prices showed an improvement overnight. **CRA** dipped 15 cents to A$4.00, as did **MIM** to A$3.75, while **Peko-Wallsend** lost 50 cents to A$6.30.

BHP receded 35 *cents* to A$13.25 and **CSR** 8 cents to A$5.64, both having met some selling pressure.

The persistent rumour that **BHP** was planning to call on shareholders for more cash de*pressed the market for the stock* which is now testing out the A$13 resistance level. **CSR** supporters were unsettled by the cautious attitude of company chairman, Sir Noel Foley, who warned that 1981-82 would be a *difficult year.*

Johannesburg

Gold shares tended to recover a little in a quiet market in line with the Bullion price.

CANADA

Stock	July 28	July 27
AMCA Intl.	22⅞	22½
Abitibi	25½	25¾
Agnico Eagle	10⅛	10⅛
Alcan Alumin.	31⅛	31⅝
Algoma Steel	42	42½
Asbestos	40¾	40¾
Bk Montreal	28	28⅛

BELGIUM (continued)

July 29	Price Frs.	+ or —
Petrofina	4,010	—10
Royale Belge	5,920	+10
Soc Gen Banq.	1,640	
Soc Gen Belge	938	—10
Sofina	2,280	
Solvay	2,030	+5
Traction Elect.	1,630	—45

HOLLAND

July 29	Price Fls.	+ or —
ACF Holding	83	+0.7
Ahold	70.1	—1.1
AKZO	25.5	—0.2
ABN	294	
AMEV	86.9	+0.9
AMRO	52.3	—0.2
Bredero Cert.	186	—1

AUSTRALIA

July 29	Price Aust. $	+ or —
ANZ Group	5.34	—0.06
Acrow Aust	1.35	
Allstate Expl	0.7	
Ampol Pet	1.45	+0.01
Assoc. Pulp Pap.	2.32	
Aud'mco	0.23	+0.01
Aust. Cons. Ind.	1.79	—0.05
Aust. Guarant.	2.10	+0.05
Aust. Nat. Inds.	3.00	+0.10

JAPAN (continued)

July 29	Price Yen	+ or —
Kubota	352	+1
Kumgaal	337	—3
Kyoto Ceramic	4,140	+80
Lion	385	—5
Maeda Cons.	520	
Makita	945	
Marubeni	338	—2
Marudai	670	+5
Marui	915	—10

Indices

NEW YORK —DOW JONES

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

INTERNATIONAL COMPANIES and FINANCE

Mobil reports marginal growth

By Our New York Staff

MOBIL, the U.S. number two oil company which is battling for control of Conoco, yesterday announced a slim 2 per cent increase in profits for the second quarter of this year. Net income was $700m, or $1.65 a share, compared to $688m, or $1.62, in the second quarter of last year. Revenue was $16.6bn, up from $15.4bn.

Weakness of chemical and oil products' markets had much to do with the levelling off in earnings growth. But a sharp reduction in inventory profits and foreign exchange translation losses also made comparisons with last year unfavourable.

Energy earnings decreased 5 per cent in the U.S. and 14 per cent abroad. Chemical earnings were also down 14 per cent. First-half profit was $1.34bn on sales of $33.7bn against $1.53bn on $30.7bn.

Mobil's earnings were also hit by continuing losses at its troubled Montgomery Ward department store chain. Its packaging subsidiary, Container Corporation of America, also returned lower profits.

Losses mount at Continental Air Lines

By Our Financial Staff

CONTINENTAL Air Lines, which is trying to thwart a takeover bid from Texas International by setting up an employee stock ownership plan, reported an increased loss in the second quarter of this year.

The loss was $9m, or 58 cents a share, compared with $6.4m, or 42 cents, a year earlier, on revenues ahead to $269.4m from $252.1m.

This brings the company's loss on the first six months of the year to $34.7m, or $2.26 a share, against $11.5m, or 75 cents, a year ago. Revenues for the first half have eased slightly to $496.7m from $497.3m.

In fiscal 1980, Continental suffered a loss of $20.7m or a loss of $1.35 a share. Some recovery has been expected for this year.

Bethlehem Steel advances but warns of downturn

BY LACHLAN DRUMMOND IN NEW YORK

BETHLEHEM STEEL, the second largest producer in the U.S. industry, has pushed up net earnings on the back of higher steel shipments in the second quarter but has warned of a third quarter downturn as deliveries decline.

Meanwhile, there is increasing speculation that U.S. Steel, the industry leader, is planning a takeover in the energy field after the announcement that the company has boosted its bank credit lines to $3bn. The company also has net cash and marketable securities totalling $1.8bn.

When reporting on Tuesday a 50 per cent jump in net earnings to $167.6m, it said these funds could be put towards an acquisition or added to its capital spending budget.

The company is also due to receive $700m from the sale of coal properties to Standard Oil of Ohio in the second quarter which will further boost its cash nest egg.

At Bethlehem, second quarter net earnings jumped from $43.1m to $77.6m as a result of an increase in steel deliveries from 2.62m tons to 3.21m tons. Higher earnings from marine construction and plastics operations and gains from the repurchase of long-term debt also boosted the result. The company said the improvement came despite the recent coal industry strike and damage to the two blast furnaces at its Burns Harbor plant in April.

The company expects profits and shipments to fall in the third quarter since customers have reduced their demand for steel products.

For the six months net profits were slightly higher at $103.5m against $97.5m, with the per share total at $2.37 against $2.23 after a second-quarter contribution of $1.78 compared with 98 cents.

Sales for the six months were $3.8bn against $3.57bn, with the second quarter ahead by $300m to $1.95bn. Shipments for the six months were up from 5.94m tons to 6.27m tons and output totalled 8.41m tons compared with 8.44m tons.

Dart and Kraft makes progress

BY OUR FINANCIAL STAFF

MODESTLY HIGHER half-year profits are reported by Dart and Kraft, the dairy foods, packaging and consumer products group whose brand names include Tupperware and Duracell.

Half-year net earnings improved to $212.6m from $201.7m, thanks largely to the impact of the second quarter when exceptional items—notably currency translation gains and tax credits—were at their most favourable.

The company, which is the largest processor of cheese in the U.S., saw sales rise to $5.01bn in the half-year from $4.57bn. Food products account for more than 70 per cent of group sales and well over half of profits.

Earlier this year the company, itself the result of a 1980 merger of Dart Industries with Kraft Inc., acquired Hobart Corporation, makers of commercial cooking equipment and kitchen home appliances, in a $460m deal.

The initial impact of the Hobart acquisition has been unfavourable to profits. The company says that the cost of the purchase, including financial charges, topped its contribution to earnings by 16 cents a share.

Group earnings for the half-year were equivalent to !3.89 per share, compared with $3.70 previously.

Allied holds acquisition talks

BY PAUL BETTS IN NEW YORK

ALLIED CORPORATION, the diversified chemicals company which until this year was called Allied Chemicals, said yesterday that it was negotiating the acquisition of a New York Stock Exchange listed company with annual sales of more than $500m.

Allied, which recently negotiated a new $2bn credit line with a group of major international and U.S. banks and sold two Canadian oil companies for C$472m (US$393m), said its directors were meeting today and that an announcement would follow.

Allied, although declining to identify the company it is seeking to acquire, said the company would add a "fifth core business"

During the past months, Mr Edward Hennessy, Allied's chairman, has said on numerous occasions that the company would expand its existing businesses as well as add a major new business.

Last May, Allied spent $358m to acquire Bunker Ramo, a manuafcturer of electronic connectors. With the Bunker Ramo acquisition, Allied further expanded its high technology operations which began with the acquisition of Eltra, an electronics company, two years ago.

In recent months, Allied has been negotiating on and off the possible acquisition of M. Lowenstein, a textile and glass fibre company. Allied is particularly interested in the glass fibre operations of Lowenstein which had sales of $620.5m

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	28.7.81	21.7.81	AVERAGE YIELD	28.7.81	21.7.81
DM Bonds	87.56	87.86	DM Bonds	10.434	10.368
HFL Bonds & Notes	92.12	92.48	HFL Bonds & Notes	11.255	11.175
U.S.$ Strt. Bonds	83.76	84.54	U.S.$ Strt. Bonds	13.821	13.804
Can. Dollar Bonds	82.60	83.51	Can. Dollar Bonds	13.959	13.785

Memorex receives offer

BY DAVID LASCELLES IN NEW YORK

MEMOREX, the hard-pressed U.S. computer peripherals manufacturer, found another potential rescuer yesterday in Storage Technology, the Colorado-based company which is in roughly the same business.

Storage Technology offered to buy Memorex in a share exchange with a value of $80m-$90m, depending on the value of Storage Technology stock. The exchange consists of four-tenths of a Storage Technology share for each of Memorex's 7.26m shares outstanding. Storage Technology's shares have recently been trading in the $29-$31 range.

The deal marks a premium of one-third over Memorex's recent artindgH hr d-hr hr hhmh h trading price.

This is the third merger in three years that Memorex has negotiated and the second time with Storage Technology.

Memorex has been losing money since early last year because of its failure to win a firm foothold in its main markets, memory devices, as well as high financing and research costs. Last Monday it announced a loss of $24m for the second quarter, and said it was trying to renegotiate its bank debt.

Kleber Colombes plans big layoffs

By Terry Dodsworth in Paris

THE NEW French Government's policy towards industrial lame ducks should become clearer over the next few weeks as it faces up to strong union opposition to a reorganisation plan for Kleber-Colombes, the country's second largest tyre producer.

A little over 2,000 jobs will be trimmed from a total workforce of around 8,000 over the next 18 months if the plan goes ahead. Kleber's plant at Colombes, in the Paris region, will be entirely closed with a loss of 1,550 jobs.

The reorganisation project follows the takeover of Kleber by Michelin, the leading French tyre manufacturer, earlier this year. A Michelin management team which moved into the company following the acquisition, has decided to separate Kleber's loss-making tyre activities from its profitable industrial rubber activities. Car-tyre manufacturing will be rationalised while the central services divisions will also be streamlined.

Objections to the plan came yesterday from the communist-led CGT union, which said that it was "unacceptable," both socially and industrially. The union has accused Michelin of trying to bribe subsidies out of the Government by casting a cloud over Kleber's specialised aircraft tyre division.

For the Socialist Government, which swept to victory recently on an anti-unemployment programme, Kleber presents a considerable problem since there is no obvious alternative to the Michelin proposals.

Elf takes over Texasgulf

By Our Paris Staff

ELF AQUITAINE, the French state-controlled oil group, has succeeded in its takeover bid for Texasgulf ending up yesterday with more than 85 per cent of the U.S. company's stock.

Elf's $56 a share offer puts the total cost of the acquisition at around $2.1bn. It went into the bid with 37 per cent of Texasgulf already assured hrough a preliminary agreement to buy out the Canadian Development Corporation's stake in the U.S. company.

The acquisition, which fulfils Elf's long-term ambition of establishing a sizeable operation in the U.S., follows a U.S. Government effort to delay the takeover offer. This request, apparently caused by anxiety over the question of whether Elf would run Texasgulf as a purely commercial enterprise, was ignored by the French company, which said that it had a legal obligation to keep the offer open.

Although Texasgulf's activities are mainly concentrated on mining and chemicals, Elf's aim is to use it as a base for expanding into the U.S. energy business.

U.S. QUARTERLIES

ALBANY INTERNATIONAL

Second quarter	1981 $	1980 $
Revenue	99m	94.8m
Net profits	6.1m	6.5m
Net per share	0.90	0.97
Six months		
Revenue	189.9m	186 6m
Net profits	10.4m	13.1m
Net per share	1.54	1.96

ALCO STANDARD

Third quarter	1980-81 $	1979-80 $
Revenue	645.8m	568.3m
Net profits	44.5m	12.82m
Net per share	0.72	0.66
Nine months		
Revenue	1.84bn	1.68bn
Net profits	40.56m	38.98m
Net per share	2.02	1.93

BANGOR PUNTA

Third quarter	1980-81 $	1979-80 $
Revenue	218m	179m
Net profits	22.56m	10.84m
Net per share	3.12	1.46
Nine months		
Revenue	618m	585m
Net profits	38.76m	29 C3m
Net per share	5.22	3.91

BLUE BELL

Second quarter	1981 $	1980 $
Revenue	359m	351m
Net profits	12m	11.4m
Net per share	0.95	0.90
Six months		
Revenue	1.03bn	958.6m
Net profits	33.6m	46.8m
Net per share	2.67	3.72

CABOT

Third quarter	$ 1980-81	$ 1979-80
Revenue	417.3m	351.9m
Net profits	29.5m	27.1m
Net per share	0.93	0.87
Nine months		
Revenue	1.21bn	1.09bn
Net profits	88.2m	87m
Net per share	2.80	2.78

CHUBB

Second quarter	1981 $	1980 $
Net profits	22.4m	23.5m
Net per share	1.82	1.90
Six months		
Net profits	45.5m	50.2m
Net per share	3.70	4.05

CITIES SERVICE

Second quarter	1981 $	1980 $
Revenue	2.27bn	1.84bn
Net profits	90.5m	107m
Net per share	1.09	1.29
Six months		
Revenue	4.56bn	4.05bn
Net profits	148.2m	227.1m
Net per share	1.78	3.33

COCA-COLA BOTTLING NY

Second quarter	1981 $	1980 $
Revenue	130.5m	111.8m
Net profits	6.19m	2.77m
Net per share	0.31	0.14
Six months		
Revenue	226.7m	196.2m
Net profits	7.92m	3.22m
Net per share	0.40	0.17

Chicago Bridge in deal with French receiver

BY DAVID WHITE IN PARIS

THE FIRST agreement on a U.S. industrial investment in France since President Mitterrand's election in May has been concluded between Chicago Bridge and Iron and the receivers of a bankrupt French engineering group.

Chicago Bridge, a major process plant group, has agreed to pay FFr 130m ($22m) for plants at Dunkirk and Sedan in northern France, belonging to Constructions Metalliques de Provence, a company with a large overseas network specialising in offshore equipment and oil and gas storage facilities.

The deal enables the U.S. group to pick up an order book worth an estimated FFr 1bn, representing the bulk of the French group's outstanding contracts abroad. It comes after six months of negotiation following a court decision to place the French concern under judicial settlement procedures.

Under the terms of the agreement worked out with the receivers, Chicago Bridge will keep on 1,180 out of a workforce of just over 2,000, a total which included those employed at CMP's headquarters at Arles in southern France.

A seperate settlement is due to be made for a boiler-making plant at Arles, which was left out of the agreement with Chicago Bridge.

An initial move to bring in French shareholders to take the majority stake in a joint venture with the U.S. company to run the Dunkirk and Sedan facilities has apparently been abandoned. This scheme, which would have maintained the principle of French control, was first mooted at the end of last year.

Losses in Iraq have contributed heavily to CMP's problems, forcing it to apply last October for a stay on creditors' claims.

Most of the group's overseas construction sites are being taken over by Chicago Bridge. An important exception to this, however, is in the Soviet Union, where contracts worth some FFr 500m had been signed.

● Another proposed U.S. investment in France involves Honeywell Information Systems, which recently announced a plan to raise the capital of its French subsidiary together with a protocol accord to take over a subsidiary of the Imetal metals group, controlled by the Rothschild banking concern.

The subsidiary, Cometa, based in Grenoble, makes electrical detection equipment and automatic lighting systems. The operation is currently awaiting French government approval.

France seeks Swiss bond curb

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE FRENCH Treasury has asked French private and public sector borrowers to restrict their bond issuing activity on the Swiss market amid growing evidence of resistence to French paper among Swiss investors.

Swiss investors are by tradition peculiarly selective in the type of borrower they prefer. Since the election of M Francois Mitterrand as President and the inclusion of communists in the new French Government, they have begun to shy away from even the best French names.

Last week the coupon on a SwFr 100m ($47.5m) issue for Cie Francaise des Petroles had to be raised by ¼ of a point to 7¾ per cent and yesterday bankers in Switzerland said that the issue had still not been particularly well received. It starts secondary market trading today.

The consequence is that French borrowers would have to pay an even higher coupon to sell their bonds. This is hardly acceptable to the French Treasury at a time when Hydro Quebec is launching an issue with an indicated interest rate of only 7¼ per cent.

France has already raised slightly more than FFr 20bn ($7.2bn) abroad this year making its 1981 borrowing programme more or less complete. It thus has no pressing need for cash and is opting against further issues in the Swiss market for the time being.

This has already resulted in the cancellation of an issue for Caisse Nationale de l'Energie which was expected to be launched shortly.

Swiss franc foreign bonds were marginally firmer yesterday. In other sectors of the international bond market — which have not seen the same resistance to French names — trading was reduced to a trickle because of the public holiday in London.

Bankers in Frankfurt note, however, that conditions on the D-Mark foreign bond market might allow another issue by a supranational borrower within the next 10 days.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday August 13.

Closing prices on July 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	55	*197	97½	−0¾	−0¾	16.05
Amoco 13¾ 88	75	*90¾	90¾	−0½	−0⅞	15.83
CIBC 14½ 84	785	*97¼	97¾	+0¼	+1¼	15.67
CIBC 15¼ 86	75	*99¾	99⅞	0	+0⅞	15.34
CNA 15¾ 96	75	*95½	95⅞	−0⅞	+0¼	16.02
CNE 12¾ 91	100	*85⅞	85¾	−0½	−0¾	15.77
Citicorp Int. Fin. 15 86	150	*97¼	98⅛	−0¾	−0¾	15.64
Citicorp O/S 15½ 84	175	*99¾	100¼	−0½	+0¾	15.50
Dupont Canada 13½ 91	65	*91¾	91⅞	−0¾	−0⅞	15.17
EEC 14¾ 93	65	*94¾	95⅛	−0¾	−0¾	15.69
EIB 12¾ 89	75	*86¼	87	−0½	+0⅞	15.80
Eldorado 13¾ 86	50	*91¾	92¼	−0¾	+0½	15.74
Elec. de France 13 88	125	*88¾	89¼	−0¼	−0½	15.77
Export Dv. Cpn. 9¾ 88	150	*80½	81	−0½	+0⅞	15.77
Fed. Bs. D. 12¾ 85 (N)	50	*89¾	89⅞	0	0	15.69
Fed. Bs. D. 15¾ 84 (J)	40	*99⅞	100	−0¼	−0¼	15.81
Fin. Exp. Credit 10½ 85	50	*84	84½	−0¾	0	16.21
Finland, Rep. of 9½ 86	100	*79¼	79¾	−0¾	+0¼	16.06
Ford Cr. O/S Fin. 16 84	150	*99⅞	100¼	−0¾	+0⅞	15.79
Ford Cr. O/S Fin. 15 85	150	*97⅛	97⅝	−0¾	+0¾	15.84
Gaz de France 13½ 86	80	*92¾	93¼	−0¾	0	15.76
GMAC O/S Fin. 12⅞ 88	100	*88¾	88⅞	−0¾	0	15.73
GMAC O/S Fin. 14¾ 87	100	*95¾	95¾	−0½	−0¾	15.99
Gen. Mts. O/S 11¾ 87	100	*85¼	85¾	−0¾	−0¾	15.59
Genstar 14¾ 91	50	*96¾	97¼	−0¾	+0¼	15.32
GTE Fin. 13¾ 86 (WW)	50	*95	95½	0	0	15.21
Hiram Walker 16 86	50	*102½	103¼	+0¼	+1¼	15.08
IBM Wld. Trade 12½ 88	200	*93¾	93⅞	−0¾	+0¼	14.01
IBM Wld. Trade 14¾ 84	100	*101¼	101½	+1	+1¼	14.09
Nat. Bk. Canada 15¾ 84	40	*98¾	98⅞	−0¾	+0¾	15.83
Newfoundland 13½ 90	60	*89⅞	90½	−0¾	−0¾	15.62
Nova Scotia 15 91	75	*96¾	96⅞	0	0	15.70
Ontario Hydro 13½ 91	100	*90⅞	91⅛	−0¾	−0⅞	15.28
Queb. Hy. 13 91 (WW)	100	*84¾	85⅛	−0¾	−0⅞	16.14
Royal Bk. Canada 14 86	100	*96¾	97¼	−0½	0	14.87
SNCF 13 91	75	*88½	89	−0¾	−0⅞	15.27
Sth. California 14 87	50	*95¼	95¾	−0¾	0	15.21
Sth. California 14½ 88	50	*97¼	97¾	−0½	0	15.34
Sven Handlsbk. 13¾ 88	45	*90⅞	91¾	−0¾	0	15.95
Swed. Ex. Credit 13 88	75	*89¾	90¼	−0¾	−0¾	16.28
Swed. Ex. Cred. 15¾ 86	50	*98¾	99¼	−0¾	+0⅞	16.01
Toronto-Dom. Bk. 14 84	60	*95¾	96¼	−0¾	+0⅛	15.83
Tribune O/S Fin. 14 86	50	*93⅞	94	−0¾	−0¾	15.94
Wells Fargo Int. 15⅞ 84	50	*99⅞	100¼	−0¾	+0⅞	15.39
World Bank 10¾ 87	300	*80¼	80¾	−0¾	+0⅞	15.62
World Bank 14¾ 86	500	*95⅛	95½	−0½	+0⅞	15.73

Average price changes... On day −0¾ on week +0¾

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	97¾	98⅛	+0½	+0¼	10.32
Austria, Rep. of 8¾ 92	150	87¾	88¼	0	+0⅞	10.12
CECA 7⅞ 92	150	86	86¾	−0¾	0	9.95
CECA 10 91	120	99	99¾	0	−0½	10.09
CII-Honeywell 8¾ 90	125	87½	88¼	0	−0¾	10.52
Council of Europe 10 91	100	98¾	99½	0	−0¾	10.13
EIB 8⅞ 90	200	89¾	89⅞	0	+0½	10.31
EIB 10½ 91	200	100¼	100⅞	0	0	10.40
ESCOM 9¾ 87	100	90¾	91¼	0	0	11.37
Finland, Rep. of 10 89	100	96⅞	97	−0¾	−0½	10.62
Iberduero SA 9 90	100	89½	89⅞	+0½	+1¼	10.89
Ind. Bk. Finland 8½ 90	50	88¾	89½	0	0	10.37
Int.-Am. Dv. Bk. 10 91	100	98	98¾	0	−0¾	10.25
Japan Air Lines 8½ 87	100	91¾	92¼	+0¼	0	9.81
Japan Dev. Bk. 7¾ 87	100	88¾	89¼	+0¼	−0¾	10.13
Kobe City of 8 90	100	88¾	89¼	0	+0¼	9.91
Midland Int. Fin. 8½ 90	180	90¾	90⅞	0	+0½	10.12
Nuclebras 9¾ 88	100	88¾	89¼	−0¾	−0⅞	12.19
OKB 8¾ 92	150	86¾	87½	0	+0¾	10.26
Oslo, City of 8¾ 90	80	92¾	93	0	+0⅞	10.06
Venezuela R. of 9¾ 90	150	93½	94¼	−0⅛	0	10.81
World Bank 8 90	700	85¾	86½	+0½	+0¾	10.45
World Bank 10 86	150	99⅞	100⅜	+0¼	−0¾	9.91

Average price changes... On day +0½ on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	80	95¼	95½	0	−0¾	7.17
BFCE 6½ 91	100	93¾	93¾	+0½	−1½	7.47
Bayer Int. Fin. 5¾ 92	100	†92½	93	−0¾	+1½	6.77
Bergen, City of 6¾ 91	40	98¾	99⅞	−0⅞	0	6.78
Bhrmn.-Tetterode 7 90	40	98⅞	98⅞	−0¾	−0⅞	7.19
CECA 6¾ 91	80	97½	98	0	−0¾	7.05
Denmark 5¾ 90	80	88	88¼	−0½	−0¾	7.63
Dome Petroleum 5¾ 91	100	93¾	93⅞	+0¾	−0¾	6.65
Elet. de France 5¾ 90	100	†88	88½	−1¼	−1¼	7.03
Eurofima 5¾ 92	80	†98½	99	0	0	5.90
F. G. H. Hypo. Bk. 6 90	50	91½	91¾	−0¾	−0¾	7.31
Finland, Rep. of 5¾ 90	80	86¾	87	−0⅞	−1¼	7.69
Franc. Petroles 6½ 91	80	92½	92¾	−0¾	−3	7.62
Genstar 7 91	100	102½	102⅞	0	0	6.60
Int.-Amer. Dv. Bk. 7 91	100	98½	98¾	−0¾	−0¾	7.19
Japan Dev. Bank 5¾ 90	100	94¾	95	+0½	+0½	6.50
Mt. Blanc Tunnel 5½ 90	60	87	87¼	−0⅞	−2¼	7.50
Nowag 5¾ 90	80	91¾	91⅞	0	+0¾	7.02
OKB 7 93	100	99¾	100	0	0	7.01
Oslo, City of 5¾ 90	80	92½	92¾	+0¼	+0¼	6.98
Philips Lamps 5¾ 92	100	87¾	88	+0¾	−0¾	6.95
Swed. Ex. Cred. 7¼ 91	75	98¾	98⅞	+0¼	0	7.48
Trade Dev. Fin. 6¼ 90	50	88½	88¾	−0½	−2¾	7.92
Voest-Alpine 5¾ 90	80	89¼	89½	−0½	−0⅞	7.40
World Bank 6 91	100	93¼	93½	−0¾	−0⅞	6.97
World Bank 7 90	100	100½	100¾	+0¼	+0½	6.99

Average price changes... On day −0¾ on week −0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 91	15	*96⅞	97¾	0	+0¾	8.65
Australia 6½ 88	20	*85¾	86¾	0	+0¾	9.39
EIB 7¾ 89	12	*92½	93¼	0	0	9.07
Finland 8.8 88	10	*85¾	86¼	−0¼	−0¾	9.78
Finland, Rep. of 8¾ 87	15	*97	98	0	0	8.93
New Zealand 8¾ 87	15	*97¾	98⅞	0	0	8.79

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	*87	88	0	0	14.30
CIBC 13½ 85 C$	50	*93¼	94¼	0	0	15.58
CIBC 11½ 85 C$	60	*86½	87½	0	+0½	16.19
Federal Dev. 11½ 90 C$	60	*†78	79	0	−1	16.20
Fst. Can. Inv. 10 84 C$	50	*†83¾	84¾	0	−0¾	17.54
R. Bk. Canada 10 86 C$	40	*88	89	0	+0¾	13.37
Tordom Cpn. 13½ 86 C$	30	*†92¾	93¾	+0¾	−0½	15.95
M. Bk. Dnmk. 9 91 EUA	25	86¾	87⅞	0	+0¼	11.17
SOFTE 8¾ 89 EUA	40	†86	87¾	+0¾	+0¼	10.89
U. Bk. Nwgr. 9½ 90 EUA	18	91	92¼	0	−1	11.01
Algemene Bk. 10¾ 86 Fl	60	94¾	94⅞	−0¾	−0⅞	11.83
Amro Bank 12 86 Fl	75	100¼	100¾	0	−0⅞	11.85
Heineken NV 10 87 Fl	100	94¼	94¾	+0¼	−1	11.31
Nat. Nedrldn. 10 88 Fl	60	94	94½	−0¾	−1¼	11.26
Ned. Midd. Bk. 10 86 Fl	75	94	94½	0	−0¾	11.62
Pierson 10½ 86 Fl	50	92¾	93¼	+0¾	−1	12.29
Rabobank 12 86 Fl	50	100¼	100¾	−0¾	−0¾	11.84
Air France 14½ 86 FFr	200	92¼	93¼	+0¾	+0¾	16.81
Bk. America 14½ 86 FFr	250	90¾	91¼	+0¾	+0¾	17.45
Charb'nages 13¾ 86 FFr	400	89¾	90¾	0	+0¾	17.36
EIB 14¾ 88 FFr	300	87¾	88¾	+0¾	+0¾	17.36
La Redoute 14¾ 85 FFr	125	86½	87¾	+0¾	+0¾	18.88
OKB 14 86 FFr	400	90¾	91¾	−0¾	−0¾	16.99
Solvay et C. 14¾ 86 FFr	200	95¾	96¾	+0¾	−0¾	16.08
Swed. E. Cr. 14¾ 86 FFr	250	87¾	88¾	+0¾	+0¾	16.54
U. Mex. Sts. 14 85 FFr	150	89¾	90¾	+0¼	+0¾	17.80
Acona 14 85 £	20	*93	94	−0¾	0	16.12
Beneficial 14½ 90 £	20	*84	84¾	0	−1¼	17.73
BNP 13¾ 91 £	15	*86¾	87⅞	−0¾	−0¾	16.28
CECA 13¾ 88 £	20	*89¾	90¼	−0¾	+0¼	15.98
Citicorp O/S 13½ 90 £	15	*92½	92⅞	0	−0¾	15.07
Fin. Ex. Cred. 13¾ 86 £	15	*91½	92¼	0	+0¾	16.29
Gen. Elec. Co. 12¾ 89 £	50	*85¾	86⅜	−0¾	−0⅞	15.86
Hiram Walker 14¾ 86 £	25	*93¾	94¾	−0¾	+0¾	16.09
Privatbanken 14½ 88 £	12	*89¾	91¼	0	−0¾	16.91
Rothschild 14¾ 90 £	12	*93½	93⅞	−0½	+0¾	15.83
Royal Trustco 14 86 £	12	*93½	94	−0¾	+0¾	15.98
Swed. Ex. Cr. 13¾ 86 £	20	*92¾	93¾	0	+0⅞	16.01
Akzo 9¾ 87 LuxFr	500	90	91	0	+0¾	11.44
Euratom 9¾ 88 LuxFr	500	84½	85½	+0¾	+1½	13.33
Eurofima 10½ 87 LuxFr	500	89¾	90¾	−0½	−0¾	12.84
EIB 9¾ 88 LuxFr	600	85¾	86¾	+0¾	+0¾	13.01
Volvo 9¾ 87 LuxFr	500	85¾	86¾	+0¾	+0¾	13.04

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¾ 90	0¼	*97¼	98⅛	18/12	16¾	17.07
BBL Int. 5 88	0¼	*99	99¾	20/11	18.31	18.45
BNP 5½ 88	†0¼	*99¾	99¾	29/10	18.81	18.91
Christiania Bk. 5¾ 91	†0¼	*98¾	98¾	5/8	17.31	17.58
Citicorp O/S Fin. 84	†0	*†99	99¾	31/8	18⅞	19.02
C. Itoh 5¾ 87	0¾	*†98¾	99¼	18/9	15.44	15.59
Co-operative Bk. 6 86	0¾	*99¾	99¾	15/11	19.56	19.64
Den Norske Credit 6 90	†0¾	*98¾	98¾	5/8	17.31	17.58
Genfinance 5¾ 87	0¾	*98¾	99¾	30/10	16.84	17.13
Genfinance 5¾ 92	0¾	*98¾	99¾	30/12	18.31	18.50
Giro und Bank 5¾ 91	†0¾	*98¾	98¾	23/9	19.06	19.28
GZB 5¾ 92	†0¾	*98	98½	5/9	17¾	17.58
Ind. Bank Japan 5¾ 88	0¼	*98¾	99	9/10	18.44	18.62
Lloyds Eurofin 6 90 £	0¼	*97¾	97¾	6/1	13¾	13.96
Lloyds Eurofin 5¾ 92	0¼	*98¾	98¾	4/12	17.44	17.70
LTCB Japan 5¾ 86	0¼	*99	99¾	13/12	17¾	17.28
Man. Hanov. O/S 5¾ 94	†0¾	*99¾	99¾	30/8	19.06	19.16
Merrill Lynch O/S 87	0¾	*99¾	100¼	7/8	20.44	20.41
Midland Int. Fin. 5¾ 92	0¾	*98¾	98¾	5/12	17½	17.44
Midland Int. Fin. 5 91	0¼	*98	98¾	30/10	16.87	17.11
Nacional Fin. 6¾ 86	0¾	*†98¾	99¾	25/11	19¾	19.44
Nacional Fin. 5¾ 88	0¾	*96¾	97¾	25/9	14⅞	15.34
Nat. Bk. Canada 5¾ 88	0¼	*97¾	98¾	24/9	14½	14.80
Nat. West. 5¾ 94	§0¼	*97¾	98¼	14/10	16.19	16.52
Nat. West. Fin. 5¾ 91	§0¼	*98¾	98¾	15/1	15¾	15.40
Nat. West. Fin. 5¾ 92	§0¼	*97¾	98¾	22/10	16.81	17.13
Pemex 6 91	0¾	*96¾	97¾	8/10	15.31	15.81
Societe Generale 5¾ 91	0¼	*98¾	99¾	22/1	18¾	18.81
Sparebanken 6 87	0½	*97½	98	19/12	16.81	17.20
Standard Chartd. 5¾ 90	0¾	*98¾	98¾	3/9	17.06	17.21
Svenska Hndlsbk. 5 87	0¾	*99	99¾	15/1	18¾	18.25

Average price changes... On day 0 on week +0½

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5½ 96	7/81	933	*96¾	97¾	−1¾	6.41
Bow Valley Inv. 8 95	4/81	23.12	*109⅞	111¾	−0¾	11.15
Canon 6¾ 95	1/81	829	*182¾	183¾	−0½	−0.36
Credit Suisse 4¾ 93	10/79	1236	*81½	83¾	+2¾	−0.81
Digicon Fin. 8½ 95	10/81	28.5	*99	99¾	−0¾	8.92
Fujitsu 5½ 96	7/81	732	*107¾	108¾	−2¾	4.21
Furukawa Elec. 5¾ 96	7/81	300	*109⅞	110¾	−0¾	0.45
Hanson O/S Fin. 9⅞ 96	8/81	2.74	*88	88¾	−0¾	0.39
Hitachi Cred. Cpn. 5 96	7/81	1868	*94	95	0	4.71
Ina Overseas 8¾ 2000	4/81	42	*102¼	103¼	+0¾	3.13
Inchcape 8 95	2/81	4.95	*89	71	−1¾	9.78
Marion Int. Fin. 9 95	12/80	16.5	*79¾	81	+0¾	22.98
Marui 6 96	7/81	931	*96¾	98¾	−1¾	1.28
Matsushita El. 7¼ 95	11/80	590	*93	94	−1	3.24
Murata 5¾ 96	7/81	2180	*97¾	98¾	+0¾	9.52
NKK 6½ 86	7/81	188	*115	118	−3¾	31.41
Ricoh 6¾ 95	8/80	604	*156½	158	−5¾	−2.77
Sumitomo M. Ind. 7 96	2/81	181	*141	142½	−4¾	−3.01
Swiss Bk. Cpn. 6¾ 90	9/80	200	175	77	−0½	28.52
Taylor Woodrow 8¾ 90	1/81	4.94	*87	88¾	−1¾	−1.38
Transco Int. 8¾ 95	2/81	68	*82¾	83¾	−0¾	27.70
Tricorp 9½ 95	12/80	31.25	*81¾	82¾	+0¾	12.29
Union Bk. Switz. 5 89	2/80	70.79	175½	77¾	+0¾	11.58
Sharp Cpn. 6½ 88 DM	9/80	595	200¾	201¾	+0⅞	−1.22
Uny Co. 6½ 85 DM	11/79	879.3	†127	113⅞	+0⅞	−1.71

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate († three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Kevin Rafferty reports on a Hong Kong property-based battle

China Bus at the crossroads

Glyn Genin

Mr Bill Wyllie, chairman of Athlone, the subsidiary of Paliburg Investments, the Hong Kong property concern that is making a partial bid for China Motor Bus Company, valuing it at HK$1.3bn (US$235m). In the latest move in a hotly contested battle, China Motor has announced that one property valuation places its worth at HK$1.59bn

CHINA MOTOR BUS Company (CMB), the subject of a takeover bid which it is hotly contesting, is one of the most talked about of Hong Kong companies — though normally talk would be less about its stock market value than the question of its services. Paliburg Investments is making a partial bid of HK$472m (US$82m), to raise its stake in CMB to 56.9 per cent from 20.4 per cent.

China Bus does not come in the top 30 stocks in Hong Kong in terms of glamour or of market capitalisation of some HK$1.3bn. But on the market there is excitement about Paliburg Investments' bid for it, not so much on the issue of who should run one of the colony's two big bus companies, but because CMB has property development potential.

Two bus depots, in particular, sprawl across prime, congested land. If the depots could be moved to less busy places, the workaday world would be freed of the worry of buses turning and clogging up space. The land would also be freed for the building of flats, shops and offices.

Paliburg Investments makes no bones about its property interest in CMB. Directors of Athlone, the wholly-owned subsidiary making the bid, argue in the offer document that "within a relatively short period of time, new depot and servicing facilities could be provided away from the existing heavily congested urban areas, which in turn would result in certain of CMB's valuable property sites being made available for redevelopment."

The Athlone directors note that the CMB chairman's statements in recent years promised redevelopment, but that "to date no positive progress has been made in this direction." Paliburg's directors had been unable to discover obstacles which would delay implementation of a redevelopment scheme.

Palisburg is offering HK$35 a share for 13.5m shares, which if accepted in full would give it 56.9 per cent of CMB. The CMB directors have replied that the bid is "entirely unwelcome" and "totally unrealistic."

CMB has been traded in the last week just below HK$35. Paliburg says that it has taken account in its bid of the speculative activity which has pushed the CMB price up from the HK$19 to HK$22, at which it traded from January to early June, with occasional lapses to below HK$15.

Paliburg makes much of the disappointing dividend returns from CMB. Wardleys, Paliburg's adviser, says that the dividend income from 200 CMB shares in the current year will probably be HK$60, slightly higher than last year. If the cash consideration from acceptance of the Paliburg offer were reinvested in a range of Hong Kong stocks, the income, on the latest weighted average, would be HK$178.50, a rise of 197.5 per cent. If the cash consideration were placed on call deposit at 16 per cent, the income would be HK$1,120.

The market reaction is that the CMB battle will be a close run thing. Trading since the offer was announced has been active and the price has hovered around the HK$35 mark. Paliburg had 20.4 per cent of CMB at the start, with the board holding 35 per cent.

One of the bid's several points of interest is that the official Takeovers Committee has allowed a partial bid on the grounds that CMB's franchise from the Government insists that it should be a publicly quoted company. The committee says that CMB should not be assumed to be setting a precedent.

The CMB issue also marks the return to battle of Mr W. R. A. Wyllie, chairman of Athlone, who has an impressive record as a corporate doctor. Mr Wyllie still occupies the chairman's office at the top of Hutchison House, though he stepped down to non-executive deputy chairman of Hutchison Whampoa in January. Paliburg is a quoted subsidiary of Regal Hotels, which in turn is controlled by Great Eagle Company, one of Hong Kong's most energetic property groups. When Paliburg had a HK$420m new issue in March, admittedly a bad time on the market, much of it was left with the underwriters.

Mr Wyllie's fat cigar exudes confidence. He quickly drops to first-name terms and plays down the property angle—though at Hutchison he achieved a turnround by concentrating on property interests and ruthlessly stripping away less profitable performers. Mr Wyllie admits that if CMB were broken up, it might be worth more than HK$35 a share, but says that this is not an option, as under the terms of CMB's franchise it has to run a bus company, and if it came to winding up there might be disputes about the land, especially that sold by the Government specifically for the purposes of running a bus company.

He declares his intention of putting the CMB bus house in order and points out that one of his early experiences in Malaysia was running the General Transport Company of Kuala Lumpur, when he had to cope with bandits as well as with the broad problems of running buses. But if the bid is successful, Bill Wyllie, the former racing driver, will not be at the day-to-day management wheel. "The one thing you can buy is good management," he says.

What, it is asked, in the bus queues if not on the market, will happen when the CMB property is fully developed and the company is back to running a bus company, with fares regulated and with the return on bus activities limited to 15 per cent of assets. Given that the bigger Kowloon Motor bus, which has the franchise for Kowloon and the New Territories, and possibly the Hongkong and Yaumati Ferry company, might be reviewed in the market on the strength of underdeveloped property assets, some critics are urging the Government to step in and redirect the transport policy.

Japanese groups in $1bn convertible bonds rush

BY RICHARD C. HANSON IN TOKYO

JAPANESE COMPANIES are lining up to borrow record amounts through dollar denominated convertible bond issues in Europe. As many as 25 are planning to float a total of up to $1bn in September alone. This amount exceeds by a wide margin the total borrowed by Japanese companies over the whole of last year. In the financial year to March, similar borrowing came to $730m from 19 issues.

Underwriters are already voicing concern that the rush of dollar convertible issues may disrupt the Euromarkets, resulting in strong downwards pressure on Japanese issues. But the underwriters also believe it to be "inevitable" that Japanese borrowers should carry through their plans until interrupted by such a development.

The companies which have filed with the authorities for dollar convertible issues to be made in September, or in some cases, October, include such internationally known names as Nippon Electric Company (NEC), Toshiba, Fujitsu Fanuc, Sanyo Electric and Honda. But there are also a number of lesser known companies joining in.

If all those seeking to float dollar convertibles go ahead, the Euromarkets will have seen 37 issues in the April to September period, to raise over $2bn.

In addition to the dollar convertibles, the equivalent of $500m may, it appears, be planned in September-October denominated in Swiss francs and sterling.

From the borrowers' point of view, the time is ripe for an overseas dollar convertible float. The yen is at its lowest point on the foreign exchanges for more than a year, but it is widely believed that an eventual appreciation will reduce the overall cost of borrowing. In addition, with European coupon rates favouring Japanese issues, corporate treasurers are anxious to take advantage of the high prices their shares are at present fetching.

Japan could come under fire in Euromarket circles if markets are indeed disrupted by the surge. But it is also thought that the Government might look favourably on the impact on Japan's balance of payments and now weakened yen exchange rate. Overseas issues result in an inflow of capital which companies convert to yen.

Myer revalues assets in takeover defence move

BY OUR SYDNEY CORRESPONDENT

MYER EMPORIUM, Australia's largest retailer, yesterday laid out details of its defence against any takeover move with the announcement of a 53.7 per cent increase in the value of freehold properties. The company also said that it was planning to sell and to lease back A$120m (U.S.$136m) worth of property.

The revaluation will add A$1.02 to the net asset backing of the company's 185.3m shares, represented by the addition of A$189m to the value of the company's freehold properties.

The properties will now be included in the accounts at a value of A$541m. Myers becomes a far more formidable takeover target with its stated net asset backing now standing at A$3.61 and the number of groups that would be able to mount a bid is considerably reduced.

The strategy to sell and lease back A$120m-worth of property will provide Myer with a much-needed cash injection which will help to fund their expansion programme.

Myer's shares closed on stock exchanges yesterday at A$1.94 but this price is expected to improve, in response to the revaluation, when trading begins today.

Myer announced its intention to revalue assets on June 23 after market rumours that Asian interests were big buyers of its shares and after the possibility of a takeover offer had been widely canvassed.

The dimension of the revaluation reflects the strength of Australian property markets.

While Myer has unveiled itself as one of the wealthiest property owners in Australia, it aims to gain a better return on funds employed for its shareholders by the sale and leasing back of property. It plans to sell those assets which have been fully developed, so as to gain a better balance and, more importantly, to gain funds to finance future developments in property and retailing, which would otherwise have been financed at costs reflecting the high level of interest rates.

Mr Keith Rosenhain, the company's chief executive, believes that the full benefits of the sale and leaseback of property will be realised in the 1982-83 financial year.

By selling off properties Myer is exchanging fixed assets for cash and the funds raised will boost its ability to expand at a time when funds are tight.

AMERICAN QUARTERLIES—continued

DENTSPLY

	1981 $	1980 $
Second quarter		
Revenue	67.6m	83m
Net profits	1.7m	78.5m
Net per share	0.38	0.02
Six months		
Revenue	131m	128.5m
Net profits	3.2m	2.2m
Net per share	0.72	0.48

EL PASO

	1981 $	1980 $
Second quarter		
Revenue	1.01bn	898m
Net profits	37.77m	6.13m
Net per share	0.79	0.13
Six months		
Revenue	2.01bn	1.74bn
Net profits	68.69m	40.89m
Net per share	1.44	0.87

GENUINE PARTS

	1981 $	1980 $
Second quarter		
Revenue	404.7m	358.3m
Net profits	18.68m	15.72m
Net per share	0.67	0.57
Six months		
Revenue	782.6m	701.1m
Net profits	34.88m	29.53m
Net per share	1.26	1.07

FRANK B. HALL

	1981 $	1980 $
Second quarter		
Revenue	88.18m	75.14m
Net profits	8.63m	8.31m
Net per share	0.77	0.81
Six months		
Revenue	175.3m	149.1m
Net profits	17.48m	16.72m
Net per share	1.57	1.63

HECLA MINING

	1981 $	1980 $
Second quarter		
Revenue	6.58m	12m
Net profits	†4.19m	4.03m
Net per share	†0.40	0.39
Six months		
Revenue	19.3m	46m
Net profits	†1.12m	29.01m
Net per share	†0.11	2.77

† Loss

HUDSON'S BAY OIL AND GAS

	1981 $	1980 $
Second quarter		
Revenue	103.9m	72.7m
Net profits	29.3m	30.7m
Net per share	0.39	0.40
Six months		
Revenue	179.5m	148.8m
Net profits	50.9m	68.7m
Net per share	0.67	0.90

(-3 2etoain etaoin etaoin etaoin nunu

INTERPUBLIC GROUP

	1981 $	1980 $
Second quarter		
Revenue	110.1m	111.2m
Net profits	5.79m	8.94m
Net per share	1.27	2.00
Six months		
Revenue	208.2m	202.7m
Net profits	6.65m	10.4m
Net per share	1.46	2.32

KERR McGEE

	1981 $	1980 $
Second quarter		
Revenue	890.8m	854.2m
Ne tprofits	51.4m	48.6m
Net per share	1.98	1.91
Six months		
Revenue	1.81bn	1.63bn
Net profits	94.8m	98.7m
Net per share	3.55	3.73

MALLINCKRODT

	1981 $	1980 $
Second quarter		
Revenue	127.4m	109.4m
Net profits	10.21m	9.05m
Net per share	0.72	0.64
Six months		
Revenue	248.7m	221.4m
Net profits	20.34m	18.08m
Net per share	1.43	1.28

MAPCO

	1981 $	1980 $
Second quarter		
Revenue	505.4m	450.8m
Net profits	29.01m	40.17m
Net per share	1.05	1.48
Six months		
Revenue	1.09bn	829.6m
Net profits	54.44m	71.46m
Net per share	1.98	2.63

MARYLAND CUP

	1980-81 $	1979-80 $
Third quarter		
Revenue	178.5m	161.4m
Net profits	8.93m	7.53m
Net per share	1.33	1.12
Nine months		
Revenue	453m	404.2m
Net profits	17.07m	13.29m
Net per share	2.54	1.98

MASCO

	1981 $	1980 $
Second quarter		
Revenue	227m	188.9m
Net profits	22.6m	19.3m
Net per share	0.89	0.76
Six months		
Revenue	435.5m	394m
Net profits	44.2m	39.2m
Net per share	1.73	1.54

MESA PETROLEUM

	1981 $	1980 $*
Second quarter		
Revenue	100.9m	94.9m
Net profits	26.1m	24.7m
Net per share	0.35	0.36
Six months		
Revenue	204.5m	201.9m
Net profits	55.9m	44.5m
Net per share	0.81	0.65

NOBLE AFFILIATES

	1981 $	1980 $
Second quarter		
Revenue	93.4m	67.3m
Net profits	18.34m	12.09m
Net per share	0.41	0.29
Six months		
Revenue	180.9m	134.8m
Net profits	36.39m	25.55m
Net per share	0.82	0.60

NORTHWEST ENERGY

	1981 $	1980 $
Second quarter		
Revenue	287.2m	283.8m
Net profits	15 8m	10.7m
Net per share	0.88	0.68
Six months		
Revenue	715.9m	715.3m
Net profits	40.4m	28.8m
Net per share	2.31	1.83

PEABODY INTERNATIONAL

	1981 $	1980 $
Second quarter		
Revenue	107.8m	98.5m
Net profits	1.2m	7.4m
Net per share	0.11	0.70
Six months		
Revenue	313.3m	284.4m
Net profits	15.2m	17.7m
Net per share	1.38	1.68

ROLLINS

	1980-81 $	1979-80 $
Fourth quarter		
Revenue	129.1m	114.8m
Net profits	17.48m	13.83m
Net per share	0.64	0.51
Year		
Revenue	454.8m	400.4m
Net profits	44.44m	23.87m
Net per share	1.62	1.30

SOUTHLAND CORPORATION

	1981 $	1980 $
Second quarter		
Revenue	1.45bn	1.21bn
Net profits	31.68m	24.21m
Net per share	1.34	1.02
Six months		
Revenue	2.68bn	2.22bn
Net profits	39.36m	29.88m
Net per share	1.68	1.28

THOMES AND BETTS

	1981 $	1980 $
Second quarter		
Revenue	70.8m	64.5m
Net profits	8.83m	8.56m
Net per share	1.14	1.11
Six months		
Revenue	140.9m	131m
Net profits	18.1m	17.66m
Net per share	2.34	2.29

WARNER-LAMBERT

	1981 $	1980 $
Second quarter		
Revenue	826.7m	881.9m
Net profits	39.73m	55.14m
Net per share	0.50	0.89
Six months		
Revenue	1.72bn	1.7bn
Net profits	†57.73m	115.8m
Net per share	0.72	1.45

†Loss

Companies and Markets

CURRENCIES, MONEY and GOLD

THE POUND SPOT AND FORWARD

July 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8540-1.8660	1.8635-1.8645	0.70-0.80c dis	−4.83	1.90-2.00dis	−4.18
Canada	2.2730-2.2900	2.2850-2.2880	1.55-1.65c dis	−8.40	3.65-3.80dis	−6.52
Nethlnd.	5.04-5.07½	5.05½-5.06½	½c pm-par	0.59	2⅜-1⅝ pm	1.48
Belgium	74.15-74.60	74.30-74.40	64-74c dis	−11.14	115-125 dis	−6.45
Denmark	14.20-14.28	14.25-14.26	4¼-5½ore dis	−4.10	12-13½ dis	−3.56
Ireland	1.2430-1.2500	1.2465-1.2480	0.22-0.35p dis	−2.74	0.86-1.00dis	−2.98
W. Ger.	4.52½-4.56½	4.54½-4.55½	¾-½pf pm	1.32	2⅜-1⅞ pm	1.87
Portugal	120.70-121.70	121.30-121.50	65-90c dis	−7.66	150-300 dis	−7.41
Spain	182.00-183.30	183.00-183.30	55-185c dis	−7.86	70-210 dis	−3.06
Italy	2,256-2,268	2,265-2,267	30-32 lire dis	−16.42	86-89 dis	−15.44
Norway	11.35-11.42	11.40½-11.41½	2¼-1ore pm	1.71	4½-3¼ pm	1.36
France	10.78-10.84	10.81-10.82	6½-7½c dis	−7.77	18-19 dis	−6.84
Sweden	9.65-9.70	9.69-9.70	⅛ore pm-⅛ dis	0.31	2-1 pm	0.62
Japan	435-445	441½-442½	2.65-2.30y pm	6.72	8.05-7.65 pm	7.10
Austria	31.85-32.05	32.00-32.05	8-3gro pm	2.06	21¼-11¼ pm	2.03
Switz.	3.93-3.96½	3.94-3.95	2⅜-1⅜c pm	5.70	5½-5 pm	5.32

Belgian rate is for convertible francs. Financial franc 79.20-79.30. Six-monh forward dollar 3.68-3.78c dis, 12-month 5.25-5.45c dis.

THE DOLLAR SPOT AND FORWARD

July 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8540-1.8660	1.8635-1.8645	0.70-0.80c dis	−4.83	1.90-2.00dis	−4.18
Ireland†	1.4885-1.4940	1.4920-1.4940	0.26-0.36c dis	−2.49	0.55-0.65dis	−1.61
Canada	1.2241-1.2281	1.2263-1.2266	0.15-0.19c dis	−1.66	0.55-0.60dis	−1.88
Nethlnd.	2.7155-2.7210	2.7155-2.7175	1.30-1.20c pm	5.51	3.80-3.70 pm	5.51
Belgium	39.87-40.00	39.87-39.89	25-40c dis	−9.77	25-40 dis	−3.26
Denmark	7.6595-7.6760	7.6660-7.6710	0.60-0.35ore pm	0.74	1.30-0.80 pm	0.55
W. Ger.	2.4380-2.4480	2.4395-2.4405	1.52-1.46pf pm	7.33	3.90-3.84 pm	6.34
Portugal	65.05-65.40	65.10-65.30	5-35c dis	−3.67	15-85 dis	−3.37
Spain	98.15-98.35	98.25-98.30	20c pm-par	1.22	10 pm-15dis	−0.10
Italy	1,214-1,217	1,214-1,215	11-13 lire dis	−11.84	33-36 dis	−11.35
Norway	6.1120-6.1310	6.1200-6.1250	3.20-2.70ore pm	5.78	8.25-7.75 pm	5.23
France	5.8000-5.8250	5.8000-5.8050	1.40-1.80c dis	−3.31	4.00-4.75dis	−3.01
Sweden	5.2015-5.2100	5.2050-5.2100	2.35-2.15ore pm	5.18	6.20-6.00 pm	4.88
Japan	236.00-237.40	237.05-237.15	2.40-2.25y pm	11.77	6.55-6.40 pm	10.92
Austria	17.16¾-17.20	17.18-17.18½	10¾-9¼gro pm	6.98	28½-24½ pm	6.17
Switz.	2.1130-2.1270	2.1135-2.1145	1.95-1.85c pm	10.78	5.10-5.00 pm	9.55

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

EXCHANGE CROSS RATES

July 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.864	4.550	442.0	10.815	3.945	5.050	2266.	2.286	74.35
U.S. Dollar	0.536	1.	2.441	237.1	5.802	2.116	2.715	1216.	1.226	39.89
Deutschemark	0.220	0.410	1.	97.14	2.377	0.867	1.112	498.0	0.502	16.34
Japanese Yen 1,000	2.262	4.217	10.29	1000.	24.47	8.925	11.45	5127.	5.171	168.2
French Franc 10	0.925	1.724	4.207	408.7	10.	3.648	4.679	2095.	2.113	68.75
Swiss Franc	0.253	0.472	1.153	112.0	2.741	1.	1.283	574.4	0.579	18.85
Dutch Guilder	0.198	0.368	0.899	87.35	2.137	0.780	1	447.8	0.452	14.69
Italian Lira 1,000	0.441	0.823	2.008	195.1	4.773	1.741	2.233	1000.	1.009	32.81
Canadian Dollar	0.438	0.816	1.991	193.4	4.732	1.726	2.214	991.5	1.	32.53
Belgian Franc 100	1.345	2.507	6.120	594.5	14.55	5.306	6.806	3048.	3.074	100

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 28)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 13/16	offer 18 15/16	bid 18 13/16	offer 18 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	12¾-13	18½-18¾	18-19	13½-13⅝	1-1½	11¼-11⅝	18½-19½	25-30	11-20	5½-6
7 days' notice	13⅛-13⅜	18¾-19	18-19	13⅜-13⅝	18½-19	11¾-11⅞	21¼-22¼	32-37	15-35	6⅜-6⅝
Month	14⅛-14¼	19-19¼	21-21⅜	13⅝-13¾	9 7/16-9 9/16	12 7/16-12 9/16	21¾-22½	30-32	30⅞-31⅝	6⅞-7⅛
Three months	14⅝-14¾	18¾-19	20½-20⅞	13⅝-13¾	9 11/16-9 13/16	12⅝-12¾	21⅝-22⅝	30½-32	22⅛-23	7¼-7½
Six months	14¾-14⅞	18¾-19	20⅛-20⅜	13¼-13½	10 3/16-10 5/16	12⅝-12¾	21⅛-21¾	30-31	20½-21	7½-7¾
One Year	13⅝-14⅝	17 9/16-17 11/16	18⅞-19¼	13-13⅛	9⅜-9½	12 7/16-12 9/16	20-20½	27½-28½	18¼-18¾	8⅛-8⅜

SDR linked deposits: one-month 15 15/16-16 5/16 per cent; three-months 15⅞-16¼ per cent; six-months 15 13/16-16 3/16 per cent; one-year 15⅛-15½ per cent.

ECU linked deposits: one-month 16⅛-16½ per cent; three-months 16½-16⅞ per cent; six-months 16 7/16-16 11/16 per cent; one-year 15½-15⅞ per cent.

Asian $ (closing rates in Singapore): one-month 19⅛-19¼ per cent; three-months 18 11/16-18 13/16 per cent; six-months 18¾-18⅞ per cent; one-year 17 9/16-17 11/16 per cent. Long-term Eurodollar two-years 16⅜-16⅞ per cent; three-years 16½-16¾ per cent; four-years 16⅜-16⅝ per cent; five-years 16¼-16½ per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 18.60-18.70 per cent; three-months 18.50-18.60 per cent; six-months 17.55-17.65 per cent; one-year 17.00-17.20 per cent.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.2515	+1.11	+1.22	±1.5361
Danish Krone	7.91917	7.91471	−0.06	+0.05	±1.6413
German D-Mark	2.54502	2.52159	−0.92	−0.81	±1.1386
French Franc	5.99526	5.98204	−0.22	−0.11	±1.3638
Dutch Guilder	2.81318	2.82014	−0.39	−0.28	±1.5159
Irish Punt	0.685145	0.691503	+0.93	+1.04	±1.6688
Italian Lira	1262.92	1254.25	−0.69	−0.68	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

GOLD

	July 28		July 27	
Gold Bullion (fine ounce)				
Close	$401⅛-403⅛	(£215¼-216¼)	$402½-404⅛	(£215-216)
Opening	$402-404	(£216¼-217¼)	$410-412	(£218-219)
Morning fixing	$403	(£216.725)	$409.75	(£218.300)
Afternoon fixing	$401.50	(£215.515)	$408.75	(£217.768)
Gold Coins				
Krugerrand	$414½-415½	(£222½-223)	$419½-422½	(£224-226½)
1/2 Krugerrand	$213½-214½	(£114½-115)	$214-217	(£114¼-115¾)
1/4 Krugerrand	$109-110	(£58½-59)	$109-112	(£58¼-59¾)
1/10 Krugerrand	$44½-45½	(£23¾-24½)	$45-48	(£24-25½)
Mapleleaf	$412-415	(£221-222¾)	$418-421	(£223¼-224¾)
New Sovereigns	$100¾-101½	(£54-54½)	$102-102¾	(£54⅛-54⅞)
King Sovereigns	$113-115	(£60¼-61¼)	$114¾-116¾	(£61¼-62¼)
Victoria Sovs.	$113-115	(£60¼-61¼)	$114¾-116¾	(£61¼-62¼)
French 20s	$106-111	(£56¾-59½)	$106-111	(£56½-59¼)
50 pesos Mexico	$501-504	(£268¾-270½)	$504-508	(£269-271¼)
100 Cor. Austria	$389-393	(£208¾-210¾)	$389-393	(£207¾-209¾)
$20 Eagles	$547-552	(£293½-296¼)	$550-555	(£293¾-296¼)

CURRENCY MOVEMENTS

July 28	Bank of England Index	†Morgan Guaranty Changes%
Sterling	92.1	−31.7
U.S. dollar	112.0	+5.5
Canadian dollar	87.0	−18.3
Austrian schilling	111.7	+22.8
Belgian franc	105.2	+8.6
Danish kroner	85.8	−11.8
Deutsche mark	116.4	+37.3
Swiss franc	135.3	+82.3
Guilder	107.9	+14.8
French franc	82.7	−11.4
Lira	57.5	−55.6
Yen	137.3	+31.5

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100). †Figures are for July 29.

CURRENCY RATES

July 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.608746	0.554753
U.S. $	14	1.13105	1.03073
Canadian $	19.89	1.38746	1.26708
Austria Sch.	6¾	19.4247	17.7183
Belgian F.	13	45.1911	41.2035
Danish K.	11	8.67063	7.89798
D mark	7½	2.76370	2.51756
Guilder	9	3.07250	2.80101
French Fr.	9½	6.57479	5.99473
Lira	19	1375.64	1253.63
Yen	6¼	267.154	243.871
Norwgn. Kr.	9	6.92768	6.30447
Spanish Pts.	8	111.187	101.218
Swedish Kr.	12	5.88578	5.36496
Swiss Fr.	5	2.40088	2.18649
Greek Dr'ch.	20½	—	61.5656

OTHER CURRENCIES

July 28	£	$		£ Note Rates
Argentina Peso	8953-8973†	4805-4825†	Austria	31.70-32.05
Australia Dollar	1.6330-1.6370	0.8780-0.8785	Belgium	78.20-79.20
Brazil Cruzeiro	176.17-177.17	94.69-95.16	Denmark	14.16-14.31
Finland Markka	8.47-8.48	4.5545-4.5565	France	10.75-10.85
Greek Drachma	108.888-112.221	59.60-59.70	Germany	4.53-4.57
Hong Kong Dollar	10.68¼-10.70¼	5.7440-5.7470	Italy	2220-2280
Iran Rial	152.00*	81.10*	Japan	440-446
Kuwait Dinar (KD)	0.523-0.529	0.2834-0.2837	Netherlands	5.04-5.07
Luxembourg Fr.	74.30-74.40	39.87-39.89	Norway	11.30-11.42
Malaysia Dollar	4.3850-4.3950	2.3600-2.3620	Portugal	119-126
New Zealand Dlr.	2.2390-2.2440	1.2025-1.2035	Spain	176½-184½
Saudi Arab. Riyal	6.30-6.36	3.4075-3.4105	Sweden	9.62-9.72
Singapore Dollar	4.0025-4.0125	2.1550-2.1570	Switzerland	3.93-3.97
Sth. African Rand	1.7680-1.7690	0.9485-0.9490	United States	1.85-1.86½
U.A.E. Dirham	6.79-6.85	3.6710-3.6750	Yugoslavia	71-76

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 12,415-12,435 and for the dollar 6,650-6,700. *Selling rate.

MONEY RATES

NEW YORK

Prime rate	20½
Fed. funds	17½-18
Treasury bills (13-week)	15.04
Treasury bills (26-week)	14.96

GERMANY

Special Lombard	12.0
Overnight rate	12.00
One month	12.30
Three months	12.925
Six months	12.975

FRANCE

Intervention rate	17.75
Overnight rate	17.75
One month	17.5625
Three months	17.25
Six months	16.75

JAPAN

Discount rate	6.25
Call (unconditional)	7.375
Bill discount (three-month)	7.46875

LONDON MONEY RATES

July 28 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	12½-13¼	12-13¼	—	—	13-13½	12-13	—	—	—
2 days notice	—	—	13⅜-13⅝	—	—	13½-13⅜	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13-13⅜	13⅛-13⅝	—	13½	—	13½-12¾	—	—	—
One month	14¼-14⅛	14 3/16-14 5/16	14¼	14¾-14⅝	14½	14¾	13-13¼	13⅝	13½-13 11/16	14¾
Two months	14⅜-14¼	14⅜-14½	—	14¾-14⅝	14⅝	—	13¼-13⅜	13 11/16	13⅞	14⅝
Three months	14 7/16-14 5/16	14 7/16-14 5/16	14½	14¾-14⅝	14¾	15	13½-13⅝	13 [illegible]	13⅞-13 [illegible]	14⅝
Six months	14 7/16-14 5/16	14½-14 7/16	14⅝	14½-14¼	14⅞	—	—	—	13 [illegible]-13¾	14⅝
Nine months	14⅝-14¼	14 7/16-14⅝	—	14¾-14⅝	14⅝	—	—	—	—	—
One year	14 7/16-14 5/16	14⅝-14½	14⅝	14⅝-14¼	14½	—	—	—	—	—
Two years	—	—	14¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three-years 14⅞ per cent; four-years 14⅞ per cent; five-years 14⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13¾-13⅞ per cent; four-months trade bills 14¾ per cent.

Approximate selling rate for one-month Treasury bills 13⅜-13½ per cent; two-months 13½-13 11/16 per cent; three-months 13 21/32-13 11/16 per cent. Approximate selling rate for one-month bank bills 13⅝-13 9/16 per cent; two-months 13 11/16-13¾ per cent; three-months 13¾ per cent; one-month trade bills 14½ per cent; two-months 14½ per cent; and three-months 14¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from July 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 13.7577 per cent.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price p‡	+ or −	Div. p. or amount	Times covered	Gross yield	P.E. ratio
153	F.P.	—	172	155	✻Aerospace Eng.	155	......	bd7.5	1.4	6.9	14.4
§35	F.P.	22/7	37	28	Allied Residential 10p	29	......	b2.45	2.0	12.1	6.0
—	F.P.	—	140	132	Bonusbond	135	......	—	—	—	—
Ir£0.50	F.P.	19/6	47	26	✻Bula Resources	47	......	—	—	—	—
75	F.P.	17/7	91	79	Cambridge Elec.	85	......	b3.7	2.2	6.2	8.6
—	F.P.	—	14	10	Comtech 10p	12	......	—	—	—	—
64	F.P.	—	62	62	East of Scotland Onsh	62	......	5.0	—	11.5	—
‖‖	F.P.	—	25	18½	††Energy Sources	20	......	—	—	—	—
—	F.P.	—	7	6	††Explaura Gold	6½	......	—	—	—	—
§20	12½p	—	13½	12½	F+C Enterprise Tst 10p	13	......	—	—	—	—
140	F.P.	—	138	130	Hamilton Oil G.B.	138	......	u1.0	18.4	1.0	7.5
—	F.P.	—	7	6	Hartons 5p	7	......	—	—	—	—
§10	F.P.	—	22	17	✻ICC Oil services	20	......	—	—	—	50.6
72	F.P.	25/8	70	58	✻Jackson Explorat'n	70	......	Q1.5c	—	1.1	—
95	F.P.	7/8	85	69	KCA Drilling	76	......	b3.75	1.7	7.0	9.8
140	F.P.	7/8	280	194	Memec 10p	212	......	b30	2.3	2.0	50.5
$12	F.P.	—	540	480	Mexico Fund	480	......	—	—	—	—
§51	F.P.	20/7	69	61	✻Microfilm Repro.	62	......	b2.5	1.4	5.8	17.9
100	F.P.	24/7	107	97	Murray Technology	97½	......	—	—	—	—
‖‖	F.P.	—	125	125	✻Newcourt Oil	125	......	—	—	—	—
§44	F.P.	30/6	58	40	✻Selectv	40	......	—	—	—	—
§83	F.P.	17/7	90	70	✻Stanelco	76	......	—	—	—	23.3
§155	F.P.	3/8	205	190	✻Star Computer	200	......	2.0	4.3	1.4	20.8
66	F.P.	—	76	75	✻Thorpac	76	......	b1.82	3.7	3.4	10.0
§90	F.P.	31/7	100	92	✻Trident Comp. Serv.	100	......	bd1.5	4.0	2.1	16.8
§80	F.P.	14/7	91	85	✻United Ceramic Dist.	86	......	b4.2	1.9	7.0	9.9
100	F.P.	15/7	104	95	Utd. Comp. & Techgy	96	......	—	—	—	—
§88	F.P.	31/7	98	89	✻Zygal Dynamics	95	......	u0.75	6.3	1.1	14.9

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price £	+ or −
—	F.P.	6/7	110	103	Aitken Hume 10% Cnv. Uns. Ln. 1990/91	103	......
100‖	Nil	—	15ppm	1ppm	Chloride 7½% Conv. Prf.	1½ppm	......
¶	£10	—	10	9⅞	East Surrey Water 10% Prf. 1986	10	......
98½	£25	12/11	25⅝	24½	Inco 15⅝% Uns. Ln. 2005	25¼	......
100‖	F.P.	—	14pm	10pm	Jones (Edward) 15% Cnv. Uns. Ln. '96-98	14pm	......
¶97	£10	3/9	110	95	Mid-Kent Water 9% Red. Prf. 1987	95	......
¶100	F.P.	28/8	98½	96	Mid-Southern Wat. 9% Red. Pref. '86	96	......
‖	F.P.	17/7	104½	97	Mount Charlotte 9½% Cnv. Ln. 1995-2000	97	......
99	F.P.	27/8	99	90½	Newcastle Water 7½% Red. Pref. 1986	90½	......
100‖	F.P.	25/7	179	101	Prop. Hldg. & Inv. Tst. 8½% Cnv. Ln.	101½	......
**	F.P.	—	91p	90p	Sterling Credit 5.5% Cnv. Red. Pref	91p	......
¶98	F.P.	28/8	92½	79½	Sunderland & S.S. Water 8½ Red. Prf. '87	90½	......
100p‖	Nil	—	½pm	½pm	'W' Ribbons 10% Cum. Red. Prf. '95-96	½pm	......

"RIGHTS" OFFERS

Issue price p‡	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p‡	+ or −
190	F.P.	6/7	4/9	267	222	AGB	267	......
22	Nil	31/7	11/9	2pm	1pm	A.I.D.	3pm	......
45	F.P.	23/7	28/8	54	49	Brengreen	168	......
275	125p	13/7	2/12	171	130	B.P.	78	......
165	F.P.	3/7	7/8	191	177	Crouch (D)	115	......
18	F.P.	—	—	21½	21	Edinburgh Gen. Ins	23	......
375	F.P.	10/7	7/8	410½	397	English Association	397	......
50	F.P.	6/7	7/8	87	76	Euro Ferries	84	......
176	Nil	—	—	35pm	24½pm	Extel	35pm	......
55	F.P.	12/6	11/8	68	63½	Fine Art	65	......
256	F.P.	13/7	10/8	380	339	Flight Refuelling	373	......
240	Nil	—	—	165pm	140pm	††Gaelic Oil	150pm	......
90	F.P.	10/7	21/8	132	121½	Geers Gross	126	......
5	Nil	—	—	2½pm	1pm	Hartons	2½pm	......
HK$12	HK$6	—	—	109	66	Hong Kong & Shanghai Bk.	96	......
315	F.P.	26/6	7/8	322	322	Lyle Shipping	322	......
77	Nil	—	—	15pm	6pm	Moss Engineering	6pm	......
50	F.P.	9/7	12/8	73	65	Old Swan Hotel (H'gate)	65	......
6	P.P.	6/5	21/9	11½	6½	Sterling Credit	8½	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip.

BASE LENDING RATES

A.B.N. Bank	12 %
Allied Irish Bank	12 %
American Express Bk.	12 %
Amro Bank	12 %
Henry Ansbacher	12 %
AP Bank Ltd.	12 %
■ Arbuthnot Latham	12 %
Associates Cap. Corp.	12 %
Banco de Bilbao	12 %
BCCI	12 %
Bank of Cyprus	12 %
Bank of N.S.W.	12 %
Banque Belge Ltd.	12 %
Banque du Rhone et de la Tamise S.A.	12½%
Barclays Bank	12 %
Beneficial Trust Ltd.	13 %
Bremar Holdings Ltd.	13 %
Bristol & West Invests.	13 %
Brit. Bank of Mid East	12 %
■ Brown Shipley	12½%
Canada Perm't Trust	13 %
Cayzer Ltd.	12 %
Cedar Holdings	12 %
■ Charterhouse Japhet	12 %
Choulartons	12 %
C. E. Coates	13 %
Consolidated Credits	12 %
Co-operative Bank	*12 %
Corinthian Secs.	12 %
The Cyprus Popular Bk.	12 %
Duncan Lawrie	12 %
Eagil Trust	12 %
E. T. Trust Limited	12 %
First Nat. Fin. Corp.	14 %
First Nat Secs. Ltd.	14 %
Robert Fraser	12 %
Antony Gibbs	12 %
Greyhound Guaranty	12 %
Grindlays Bank	‡12 %
■ Guinness Mahon	12 %
■ Hambros Bank	12 %
Heritable & Gen. Trust	12 %
■ Hill Samuel	§12 %
C. Hoare & Co.	†12 %
Hongkong & Shanghai	12 %
Knowsley & Co. Ltd.	12½%
Langris Trust Ltd.	12 %
Lloyds Bank	12 %
Mallinhall Limited	12 %
Edward Manson & Co.	13 %
Midland Bank	12 %
■ Samuel Montagu	12 %
■ Morgan Grenfell	12 %
National Westminster	12 %
Norwich General Trust	12 %
P. S. Refson & Co.	12 %
Ryl. Bk. Canada (Ldn.)	12 %
Slavenburg's Bank	12 %
E. S. Schwab	13 %
Standard Chartered	‖12 %
Trade Dev. Bank	12 %
Trustee Savings Bank	12 %
TCB Ltd.	12 %
United Bank of Kuwait	12 %
Whiteaway Laidlaw	12½%
Williams & Glyn's	12 %
Wintrust Secs. Ltd.	12 %
Yorkshire Bank	12 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.

† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 10% and over £50,000 11%.

‡ Call deposits £1,000 and over 9%.

§ Demand deposits 9½%.

‖ 21-day deposits over £1,000 10½%.

Boyd urges revolution in moral values

By John Lloyd, Labour Correspondent

A CALL for a national moral renaissance, coupled with an attack on the Labour Party's "pedestrian leadership" is made today by Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers, the Labour Party's second largest affiliated union.

In a wide-ranging editorial in the AUEW's journal, Sir John decries a decline in moral and social values, and forecasts a "long and uphill" climb out of the national crisis.

He proposes:

● Co-operation between trade unions and employers to improve productivity and competitiveness.

● Greater control on the media to "purify their contributions."

● The strengthening of the police forces to encourage them to "believe that the public has faith in them in their difficult and dangerous job."

He attacks "progressive" educational methods "which produce young people who can hardly spell, count or read, advocate the permissive society and destroy children's respect for their parents."

In calling for a moral revolution, Sir John says that the present Government "circumscribed by their ideology and election manifesto," will find it difficult to lead.

Less fallout in Britain's atmosphere

THE AMOUNT of radioactive fallout in Britain's atmosphere continued to decrease last year. It was less than 1 per cent of the peak reached in 1963-64, according to figures released by the Atomic Energy Authority.

Its report shows that the average concentrations of long-lived fission products, like caesium-137 and strontium-90, in the air and rain in Britain in 1980 were about two-thirds of those in 1979.

Short-lived fission products, barium-140 and iodine-131, from the Chinese test explosion of October 16 1980, were first detected in the UK atmosphere later that month. About half the long-lived amount of caesium-137 detected in December was also attributable to the test.

Continuous analysis of airborne dust and rainwater for fission products and other radioactive particles has been carried out by the Atomic Energy Research Establishment at Harwell for more than 25 years.

The results are published annually.

Radioactive Fallout in Air and Rain: Results to the end of 1980 —AERE Harwell. SO £3.

300-year-old microscope specimens found

THE DISCOVERY of microscope specimens more than 300 years old has proved that microbiology was born two centuries earlier than previously thought.

The specimens, which disclose in detail how the cell was first discovered, were found in near-perfect condition in the vaults of the Royal Society in London by Mr Brian Ford, of the Science Unit, Cardiff, a biologist and broadcaster.

They were prepared in May 1674 by Anton van Leeuwenhoek, the Dutch scientist who discovered bacteria.

EUROPEAN OPTIONS EXCHANGE

Series	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS 1733

A=Asked B=Bid C=Call P=Put

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	271.0	285.2	.....	3.82

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. June 30	150.75		.....	6.30
Wider Fund June 30	[illegible]		.....	4.76
Narrower Fd. June 30	74.40		.....	13.71

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

Schroder Unit Trust Managers Ltd.
46, St. Martins Lane, WC2. Dealings 0705 27733

*For tax exempt funds only.

Scottish Amicable Inv. Mngrs. Ltd.
150 St. Vincent St., Glasgow 041-221 9844

Equity Trust Accum.	104.7	113.0	.....	5.39

Scottish Equitable Fund Mgrs. Ltd.
28 St. Andrews Sq. Edinburgh 031-556 9101

Dealing day Wednesday.

For Sebag see Carr, Sebag Unit Trust Managers.

For Security Selection see McAnally Fund Management.

SIMCO Money Funds
66, Cannon Street, EC4N 6AE 01-236 1425

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99 13/16	99⅛	Treas. Variable '81§§	99 1/32	.....	14.28	14.54
100 1/16	99¾	Exch. 12¾pc 1981‡‡	99¾	.....	12.70	13.10
98	95 1/16	Treas. 8½pc '80-82‡‡	97⅞	.....	8.68	13.25
96⅜	91⅜	Treasury 3pc '82‡‡	96xd	.....	3.13	10.72
107	100⅝	Treasury 14pc '82‡‡	100⅝	.....	13.95	13.22
99⅞	98 3/16	Treas. Variable '82§§	99⅝	.....	14.51	14.63
96 1/16	93 11/16	Treasury 8¼pc '82	95⅝	.....	8.65	13.66
96 1/16	93 1/16	Exch. 9¼pc 1982	95	.....	9.74	14.08
95⅛	92⅝	Exch. 8¾pc 1983	94⅛	.....	9.30	13.32
92¼	84⅞	Exch. 3pc 1983	91½xd	.....	3.23	8.95
99⅜	95⅜	Treasury 12pc 1983‡‡	95½	.....	12.44	14.42
99½	96¾	Treas. Variable '83§§	99½	.....	14.33	14.51
94⅛	91¼	Treasury 9¼pc '83	93½	.....	9.89	13.09
101 1/16	97⅜	Exch. 13¼pc '83	96¾	.....	13.67	14.07
94⅛	91¼	Exch. 10pc 1983	92⅞	.....	10.80	13.71
88	84½	Funding 5½pc '82-84‡‡	87⅝	.....	6.30	11.52
96¾	92⅞	Exch. 11¼pc 1984	93⅞xd	.....	11.93	14.39
103 1/16	98¼	Exchequer 14pc 1984	99⅛	.....	14.12	14.54
82⅝	78½	Exch. 3pc 1984	80⅝	.....	3.71	10.89
98⅝	92¼	Treasury 12pc 1984	95⅝	.....	12.82	14.53
107¼	100⅞	Treasury 15pc 1985	101¾xd	.....	14.74	14.36
98⅞	91⅝	Exch. 12pc Cnv. '85	92½	.....	12.96	14.66
76	73¼	Treasury 3pc 1985	74½	.....	4.03	11.43
96 1/16	89⅞	Treasury 11½pc 1985●	90¾	.....	12.67	14.59
98⅝	91¼	Exch. 12¼pc 1985	92⅝	.....	13.23	14.56
97⅜	89¾	Exch. 11¾pc '86	90⅞xd	.....	12.53	14.58
70 3/16	68	Treasury 3pc 1986	68¾	.....	4.36	11.67
97 1/16	90	Treasury 12pc '86	90⅞	.....	13.20	14.66
88⅝	81⅜	Treasury 8¼pc '84-86‡‡	82	.....	10.37	13.61

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
147	40	Hill (Chas.) £1	145	......	♦	—	—	—
37	16	Hirst Mal'son 20p	31	......	†0.1	—	0.5	—
106	86	Holden (A.)	106	......	5.0	2.2	6.7	8.0
47	24	Hollis Bros	30	......	—	—	—	—
77	55	Holt Lloyd Int. 10p	67	......	3.17	1.5	6.8	12.8
163	100	Hoover "A"	122	......	6.0	—	7.0	—
78	39	Hopkins & H 20p	74	......	2.0	—	3.9	—
71	46	Howard Tenens	68	......	1.55	♦	3.3	♦
420	250	Hunting Assoc.	330	......	5.0	5.8	2.2	8.3
160	112	Huntleigh 10p	132	......	1.5	3.8	1.6	16.4
225	120	Hutch Whamp $HK1	206	......	032c	♦	1.4	♦
15	11½	Hyman (I. & J.) 5p	13½	......	0.83	3.9	8.8	3.3
£20¼	£12¾	I.C. Industries $1	£19¾	......	Q$2.20	—	5.8	—
70	28	ICL	32	......	†2.97	—	‡	—
44	35	Ingall Inds. 10p	38	......	†2.5	1.6	9.4	10.5
241	188	Initial Services	239	......	9.0	d2.3	5.5	10.4
23	9	Inter-City 20p	16	......	—	—	—	—
78	59	J. B. Holdings 10p	70	......	3.0	4.9	6.1	4.5
192	110	Jacksons Bourne	183	......	5.0	♦	3.9	♦
26½	12	James (M.J.) Ind. 10p	24	......	1.0	3.3	6.0	5.7
248	147	Jardine M. $HK5	208	......	080c	2.8	3.9	12.9
25½	16½	Jentique	18½	......	†1.03	—	‡	—
10	6½	Johnson & Barnes	7#	......	—	—	—	—
249	152	Johnson Clnrs.	243	......	7.0	3.4	4.1	8.0
*285	186	Johnson Mthy. £1	255	......	9.5	2.3	5.3	(9.4)
92	75	Jourdan (T.) 10p	82	......	5.25	1.8	9.1	8.5
81	60	Kalamazoo 10p	64	......	†3.75	1.9	‡	10.5
170	136	Kelsey Inds.	140	......	8.0	4.7	8.2	3.7
142	112	Kennedy Sm. 10p	141	......	13.5	3.4	3.5	10.0
330	255	Kershaw (A.) 5p	265	......	21.75	0.6	12.0	(24.9)
75	54	Kleen-E-Ze Hldgs.	70xd	......	5.5	♦	11.2	♦
75	59	L.C.P. Hlds	64	......	4.3	1.1	9.6	048
		For LK Ind Invs See Caparo Inds						
[illegible]								

INSURANCE

[illegible]

INSURANCE—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
262	194	Refuge 5p	238	[illegible]				
*400	332	Royal	378	[illegible]				
144	104	Sedgwick 10p	139	[illegible]				
101	79	Stenhouse	94	[illegible]				
241	180	Stewart Wr. 20p	210	[illegible]				
929	688	Sun Alliance £1	914	[illegible]				
321	233	Sun Life 5p	306	[illegible]				
758	543	Taisho Mar. EDR	683	[illegible]				
208	185	Trade Indemnity	195	[illegible]				
£27½	£15⅞	Travelers $2.50	£23⅝xd	[illegible]				
367	257	Willis Faber	360	[illegible]				

LEISURE

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
93	72	Anglia TV 'A'	87	[illegible]				
148	116	Assoc. Leisure 5p	117	[illegible]				
84½	61	Barr & W.A.T. 'A'	79	[illegible]				
65	30	Black Edgtn. 50p	62	[illegible]				
192	121	Boosey & Hawkes	168	[illegible]				
56	36	Campari Int. 20p	36	[illegible]				
60	40	Fairline Boats 10p	40	[illegible]				
58	29	Grampian TVA 10p	31	[illegible]				
46	38	[illegible]	39	[illegible]				
103	74	HTV Non/Vtg.	80	[illegible]				
104	64	Hawley Leisure	69	[illegible]				
*270	217	Horizon	240	[illegible]				
96	69	[illegible] 10p	71	[illegible]				
64	29	††Intervision 10p	44	[illegible]				
27	15	Lancaster (D. M.) 5p	21	[illegible]				
109	88	LWT "A"	107	[illegible]				
216	154	[illegible] 10p	157	[illegible]				
69	47	Medminster 10p	62	[illegible]				
12	8	††Nationwide 5p	9	[illegible]				
[illegible]								

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
45	32	Acmex 50c	42	......	Q2.5c	—	3.7
41	14	ACM 20c	33	......	—	—	—
[illegible]							

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL MARKETS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 26

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

FINANCIAL TIMES

Thursday July 30 1981

Frosts put Brazilian coffee price up

By John Edwards, Commodities Editor

BRAZIL announced an increase yesterday in minimum export price for coffee, effective from Monday.

It follows the sharp rise in world market prices as a result of frosts this month in the main coffee-growing regions.

Minimum export price for green (raw) coffee beans goes up from $1.07 to $1.20 a pound, soluble spray-dried coffee from $2.80 to $3.05; and freeze-dried from $3.80 to $4.

Domestic coffee-growers will have a higher guaranteed minimum price, and the Brazilian Government plans other measures to aid farmers hit by what the Brazilian Coffee Institute says is "one of the most severe coffee frosts in national history."

Sr Rainho, president of the Institute, has repeated earlier estimates that the frost would cut the 1982-83 coffee crop to about 15m bags (of 60 kg each) compared with this year's bumper crop of 32.1m bags.

This has just been harvested, so there should be no shortage of coffee for the present.

But because next season's forecast surplus has been cut sharply, world coffee prices have risen.

In London, coffee futures, after falling to a low of £733.5 a tonne in early July, have jumped to £1,140.

In New York coffee prices rose the permissible limit of 4 cents a lb in early trading last night. The increase in export prices from Brazil, which produces a third of the world's coffee crop, has been widely expected by the market.

Its main significance is that the base price, on which discounts to big coffee-buyers are calculated, has been raised to a higher level.

But its impact on retail coffee prices is difficult to judge in view of the abundance of supplies available at present.

Continued from Page 1

Tourism

accommodation it booked for visitors to the capital last year was £7 a night, and that the 1981 average was likely to be lower.

The good news about American traffic to Britain is tarnished by sluggish activity on cross-Channel business to Britain. As the recession bites in Britain's main European markets—France, Germany and the Benelux countries—British holidays have become more difficult to sell.

Britain is out-performing many European rivals in tourism. Italy and Spain are notably suffering from the downturn. Britain is specially ahead of her neighbours in attracting Americans.

A European Travel Commission report published this week says that for the first five months of this year, U.S. tourist traffic to Europe increased by almost 2 per cent over the same period last year. The commission forecasts a good summer. "American interest in visiting Europe is strong, and U.S. tour operators report improved sales of packages," it said.

The report looks at various markets. It notes that traffic from Japan to Europe declined by 3.2 per cent in the first quarter of this year. The main inhibiting factor has been the high level of air fares.

MPs urge Treasury flexibility

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE TREASURY will come under increased pressure next month to compromise on the way it restricts the financing of nationalised industries so that almost £500m worth of investment projects, currently held up can go ahead.

In a report which was completed earlier this week and to be published in about a fortnight, the Commons Treasury and Civil Service Committee is thought to have used this £500m figure as a basis for arguing that the Treasury ought to be more flexible in its treatment of nationalised industries.

The £500m figure has been calculated for the committee by the Nationalised Industries' Chairmen's Group. It is the total value of potentially profitable routine projects which the industries believe are being wrongly held up by the Treasury.

The list includes projects worth £200m denied to British Telecom, but does not include other very large programmes such as the proposed North Sea gas-gathering pipeline, British Railway's new electrification plans, rebuilding the sewage system, or building a Channel Tunnel.

The figure has not been published by the chairmen before. Several MPs on the committee believe that it can now be used to provide the basis for a compromise between the Treasury's view that there should not be a large increase in State industry investment and the chairmen's view that their plans are being frustrated.

The chairmen have told the committee that nine of the State-owned corporations say Treasury restrictions are not affecting their investment plans at present, while another three express only general anxieties.

But six have produced specific figures for hold-ups totalling £470m. This figure has been rounded up to £500m to include two other industries' recent problem projects.

It is likely that the committee will argue that allowing such a relatively small increase as £500m would ease the chairmen's frustrations without upsetting the Treasury's macro-economic policies.

Whether the Treasury will accept this argument is not yet clear. But the figure is only marginally larger than a 5 per cent increase in investment plans for 1982-83 which the industries have asked the Treasury to allow for in its current public spending review.

After the report is published, the debate will continue during the Parliamentary recess in a working party set up by the Treasury under the umbrella of the National Economic Development Council (NEDC).

● A separate report is being published today by the Public Accounts Committee recommending changes in the way that private sector finance is used in State industries.

Plan to start gas system studied, Page 5

Thatcher in talks with Mitterrand

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER took the oportunity provided by the Royal Wedding to forge closer contacts with a number of visiting statesmen, including President Francois Mitterrand of France, who had discussions at Downing Street lasting more than an hour.

The primary aim of Mrs Thatcher, who was accompanied by Lord Carrington, the Foreign Secretary, was to prepare for a successful bilateral meeting with the French President in London on September 10 and 11.

It was the third meeting she has had with M Mitterrand, and though most of the time was spent in laying the groundwork for the September meeting, was a review of the Ottawa summit and a discussion of East-West relations which covered Poland and Afghanistan.

It was not regarded as an occasion to raise specific EEC issues, and the subject of fishing rights, which has created difficulties between the two countries in recent months, was apparently not discussed.

As a token of what British officials regard as a politically promising relationship between the two leaders, it was agreed to up-rate the importance of the next Franco-British council meeting, to be held in Edinburgh next spring.

A strong ministerial team will be sent from both countries.

Mrs Thatcher also had an hour's discussion with Mr Lee Kuan Yew, Prime Minister of Singapore, on trade relations, East-West relations, particularly in South-East Asia, and prospects for the forthcoming Commonwealth heads of government meeting in Melbourne in September.

She reported on the Ottawa summit.

Today she will have talks with Mr Malcolm Fraser, the Australian Prime Minister, and Mr Forbes Burnham, of Guyana.

After the wedding ceremony at St Paul's Cathedral the Prime Minister hosted a lunch for 170 guests, including foreign heads of government and UK political leaders, at the Bank of England. It was strictly a social rather than a working occasion.

The wedding gave Mrs Thatcher the last opportunity for diplomatic contacts before the long Parliamentary recess which starts tomorrow.

Slow recovery from recession forecast

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RECOVERY from recession in the UK is likely to be slow, and unemployment will probably continue to rise, says a survey of leading economic forecasters.

The inflation rate is projected to remain at about 10 per cent next year, and possibly to drop into single figures by late 1982, while public-sector borrowing could decline.

In general, this comparison of 22 forecasts provides a bleak message for the Government.

The recession may be flattening out, but the profile of activity is likely to be relatively flat for the next year or so. A further insight into the short-term economic outlook will be given by the Confederation of British Industry's quarterly trends survey due out later today.

The forecasts of both output and inflation have become slightly more pessimistic since a similar comparison in early February.

There are now clear differences between economists with monetarist and those with neo-Keynesian views, the former being more optimistic than the latter.

This mainly reflects their views on the likely fall in savings and on movements in stock levels, which have a crucial impact on consumer spending and on output.

In detail, the average forecast is for a drop in real gross domestic product of 1.9 per cent this year, followed by a 1.3 per cent rise next year.

Adult unemployment is projected to rise from 2.58m now to 2.75m by the end of this year, and to 2.95m by late 1982. This means that the "headline" figure, including school-leavers, will probably be more than 3m well before then.

COMPARISON OF FORECASTS
(Percentage change compared with previous year, unless stated)

		Average, early February	Average, late July
Gross Domestic Product	1981	−1.6	−1.9
	1982	+1.7	+1.3
Consumer spending	1981	−0.3	−0.4
	1982	+1.9	+0.6
Unemployment, UK adults, 4th quarter m	1981	2.6	2.75
	1982	2.75	2.95
Current account, £bn	1981	+1.4	+3.6
	1982	−0.6	+1.2
Retail price inflation, year to 4th quarter	1981	10.2	11.5
	1982	9.2	9.6

Source: FT survey of 17 forecasts in early February and 22 forecasts now

There is continued cautious optimism about inflation.

Even though the 12-month rate is forecast to rise slightly from the present level of 11.3 per cent during the rest of this year, a slowing to 9.6 per cent is expected next year. This may be partly because some forecasts were made before the recent sharp fall in sterling.

Recent projections are slightly more pessimistic, though no one expects a big reacceleration next year.

An undoubted bright spot is the expectation among economists of all views that public-sector borrowing will fall next year, from £11.25bn in 1981-82 to £9.6bn in 1982-83.

This reflects impact of rising North Sea oil revenues and should allow scope for tax and interest rate cuts.

The current account of the balance of payments should remain in surplus, though on a smaller scale than recently.

Details; and jobs package costs, Page 6

Continued from Page One

Royal wedding

the crowd on Ludgate Hill listening to the ceremony relayed on loudspeakers penetrated the cathedral like the roar of a low-flying aircraft.

"The stuff of which fairy tales are made," proclaimed Dr Robert Runcie, the Archbishop of Canterbury, in his address, echoing the evident sentiments of those following the ceremony outside. But he cautioned that, unlike the fairy-tale romance, the Royal Marriage was a beginning rather than an end to the story. With perhaps a gentle hint to the political element of his audience, he said that "if we solve all our economic problems and fail to build loving families, it would profit us nothing." Wedding-day couples, he said, "stand for the truth that we help to shape this world, and are not just its victims."

With the vows exchanged, the parties retreated to sign in Lady Diana as Britain's ninth Princess of Wales.

With all due deference to the hearty cheeks of the trumpeters and the eloquent throats of the cathedral choir, the musical treat remained to be savoured last, as New Zealand soprano Kiri Te Kanawa delivered an exquisite rendering of the Aria from Handel's "Samson."

To the strains of Pomp and Circumstance, the Prince and Princess of Wales left for the Palace. After a balcony appearance before enthusiastically flag-waving crowds, they settled down to breakfast of lobster and lamb with 120 relatives.

As the Royal couple departed for their honeymoon at Broadlands, the Mountbatten country home, and subsequently on the Royal yacht Britannia, they left behind them an impressive demonstration of the tide of affection for the British royal family, perhaps eclipsing even that manifested four years ago on the occasion of the Queen's Silver Jubilee.

Continued from Page 1

Slowdown

current state of the economy was "spongy—that is temporarily soft, but with the inherent ability to resume expanding rather smartly."

He repeated predictions that 1980 inflation, measured by consumer prices, would be in single figures.

Mr Weidenbaum said the slowdown had been characterised by a pronounced slackening in the performance of key indicators such as industrial production, car sales and house-building.

The commerce department said that more than half the June decline in the composite index was due to a sharp drop in building permits. A third of the fall was because of a decline in raw material prices.

Four of the indicators were up in June: new orders, contracts and orders for plant and equipment, stock prices and change in total liquid assets. The only one unchanged was the rate of layoffs.

GLC office ban 'may mean price spiral'

BY ANDREW TAYLOR

A WIDESPREAD ban on new office development in central London could send rents spiralling and fuel a new property boom, according to a report prepared by Greater London Council planning officers.

The report reflects growing anxiety among council planning officers about the new Labour-controlled GLC's hard-line approach to office development in the capital.

Their fears have been heightened by a policy statement adopted two weeks ago by the powerful GLC planning committee. It recommends a ban on all new office development unless it stimulates additional manufacturing jobs or provides other benefits, such as transport facilities, for the community.

The seven-page document prepared by Mr Ed Gouge, leader of the planning committee, emphasised that there was no room for "grandiose speculative development in a Socialist London."

But an interim report by council officers examining the likely implications of the new office policy sounds a warning. It says that, unless a reasonable flow of planning permissions for office development is maintained, the GLC policy could prove counter-productive "if, as in the past, it resulted in further pressure on rents fuelling yet another boom."

The report is due to go before the planning committee tomorrow. It accepts the need for "general restraint" on central London office development but it also recommends a softer approach to new schemes.

For example, the report recommends that developments should go ahead in locations which have been earmarked already for office buildings in approved local structure plans. This aspect may prove unpopular with some Labour members, who have in the past unsuccessfully opposed the approval of structure plans providing for large scale office developments in areas like Hammersmith and Ilford.

The report also contains reservations about the employment implications of a sustained policy of office building restraint. It says that, while office supply might not be seriously affected in the short term, it might "become increasingly constrained in four to five years."

The officers suggest that the council might encourage the decentralisation of some office function to outer areas of London. But they warn that, if the only "realistic alternative to a central area location is one outside London, it may be in London's best interests to seek to maintain a relatively high concentration of office activity in the central area."

However, the report—part of a longer-term comprehensive review of the council's development strategy—falls short of outright criticism of GLC policies. It broadly accepts the need for an interim period of restraint, given the high level of office planning permissions now outstanding.

The officers estimate that, at April this year, there were planning permissions for the development of about 20m sq ft gross of office accommodation—indicating a net gain to the central London office stock of 10m sq ft—more than seven times the annual average net completion rate of the 1970s.

However, the report notes that all the developments with outstanding planning permissions would not take place at the same time. Indeed, some schemes might take a decade complete. It was difficult, therefore, to substantiate claims that sufficient floorspace was being planned to meet future demand—although that appeared to be the case for the next four-five years.

GLC transport plan, Page 5

Weather

UK TODAY

DRY IN most areas with sunny periods. Warm.

London, S. E. NW and N England, Borders, E Scotland, Wales
Dry with sunny periods. Max. 25C (77F).

SE England, E Anglia, W and Central Scotland, N Ireland
Cloudy at first—persisting on coast. Sunny intervals. Max. 24C (75F).

N Scotland, Orkney, Shetland
Mainly cloudy with some rain or drizzle at first. Sunny later. Max. 16C (61F).

Outlook: Mostly dry and sunny but some rain in N Scotland and thunder in extreme south.

WORLDWIDE

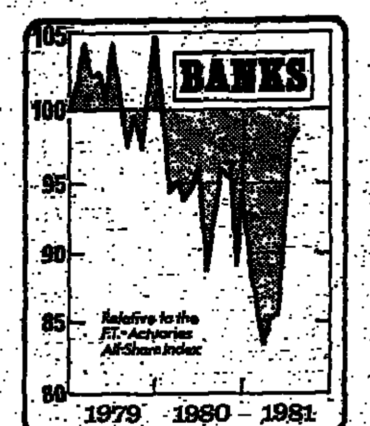
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	L. Ang.†	C	17	63
Algiers		—	—	Luxmbg.	F	23	73
Amsdm.	F	22	72	Luxor	S	42	108
Athens	S	26	79	Madrid	S	25	79
Bahrain	S	37	99	Majorca	S	27	81
Barclna.	S	26	79	Malaga	S	29	84
Beirut	F	29	84	Malta	S	25	77
Belfast	F	15	59	M'chstr.	F	17	63
Belgrd.	C	18	64	Melbne.	C	12	54
Berlin	F	20	68	Mx. C.		—	—
Biarritz	S	32	90	Miami†	S	28	82
Bmghm.	C	17	63	Milan	S	26	79
Blackpl.	F	16	61	Montrl †	R	13	55
Bordx.	S	31	88	Moscow	F	33	91
Boulgn.	S	20	68	Munich	C	20	68
Bristol	C	21	70	Nairobi	C	23	73
Brussels	F	25	77	Naples	S	25	77
Budpst.	C	20	68	Nassau		—	—
Cairo		—	—	Nwcstl.	C	19	66
Cardiff	C	20	68	N York†	C	24	75
Cas'b'ca	S	25	77	Nice	S	24	75
Cape T.	S	16	61	Nicosia	S	27	81
Chicg.†	S	12	54	Oporto	C	17	63
Cologne	F	24	75	Oslo	F	21	70
Conhgn.	C	17	63	Paris	S	27	81
Corfu	S	27	81	Perth	S	17	63
Denver†	Cl	18	64	Prague	C	20	68
Dublin	C	18	64	Reykjvk.	R	10	50
Dbrvnk.	C	23	73	Rhodes	S	27	81
Ednbgh.	S	18	64	Rio J'o†		—	—
Faro	S	27	81	Rome	S	25	77
Florence	F	28	82	Salzbrg	C	18	64
Frankft.	C	23	73	S F'cisc†	C	12	54
Funchal	C	22	72	S. Moritz		—	—
Geneva	S	23	73	Singapr.		—	—
Gibraltar	S	26	79	S'tiago		—	—
Glasgow	S	17	63	Stckhm.	F	23	73
G'rnsey	S	21	70	Strasbg.	S	26	79
Helsinki	F	23	73	Sydney	C	10	50
H. Kong	F	31	88	Tangier	S	29	84
Innsbrk.	S	22	72	Tel Aviv	S	29	84
Invrnss.	F	17	63	Tenerife	S	25	77
I.o.Man	S	15	59	Tokyo	S	31	88
Istanbul	F	27	81	T'ronto†	R	12	54
Jersey	S	25	77	Tunis	S	28	82
Jo'burg	S	19	66	Valencia	S	28	82
L. Plms.	S	24	75	Venice	S	23	73
Lisbon	S	30	86	Vienna	F	22	72
Locarno	S	24	75	Warsaw	R	15	59
London	C	24	75	Zurich	S	23	73

C—Cloudy. Cl—Clear. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

THE LEX COLUMN

NatWest held up abroad

After the jump in profits from Lloyds, the banking sector bumped back down to reality with NatWest's figures on Tuesday. Pre-tax profits for the first half of 1981 are 12 per cent down on the same period a year ago, at £197m, although they are 6 per cent above the depressed level of the preceding six months. However, the group's whole-hearted acceptance of the principles of inflation accounting—the application of a current purchasing power element to last year's CCA figures enables NatWest to show a fall in current cost earnings, rather than a stable picture—suggests that its presentation is less growth-orientated than Lloyds'.



In fact the domestic arm has little to be ashamed of, especially as NatWest moved later than Lloyds in raising charges, and its charge for bad and doubtful debts has not come down so rapidly. Domestic banking profits have risen by 15 per cent compared with the second half of 1980 although, as in Lloyds' case, they are below the level of a year ago.

An element of catch-up has been at work here. Lloyds was alone in containing staff numbers last year, so NatWest, presumably in common with the remaining clearers, has been able to show a lower increase in total UK staff costs, thanks to a reduction of nearly 2 per cent in the number of employees. At the same time it looks as if the bank may have done somewhat better than average in winning business.

So the real disappointment has emerged in the group's international performance, where profits are down by nearly a fifth on the same period a year ago, although foreign currency advances and deposits are both well up. The disappearance of frothy exchange gains made when the pound was riding high may explain some of the drop, which contrasts with buoyant international growth at Lloyds.

The current odds are that last year's Big Four pattern is re-emerging, with Lloyds heading the pack, pursued by Barclays and with the Midland bringing up the rear. NatWest fell back 22p on Tuesday to 400p, where the prospective yield is 8¼ per cent, appropriately ranking third.

Reed International

Last year Reed International's results undershot most outside estimates; this time round they are running comfortably ahead of the analysts' forecasts. Pre-tax profits in Reed's first quarter to June are up from £11.8m to £23.1m, while on the current cost convention a profit of £11.4m replaces a loss of £0.9m.

But the chairman reports that underlying operating profits are little changed. There is some bounce after the £23m of exceptional items carried above the line last year, £12½m in the last quarter alone (when Reed reported £8.3m pre-tax). And the first quarter of last year suffered from disruption in the publishing businesses, said at the time to have cost £12m, and a period of costly short-time working in Polycell.

Reed's two sensitive indicators of the business cycle, the demand for packaging and the level of classified advertising in its trade publications, have so far picked up no signs of recovery. Revenue from display advertising in the newspapers and magazines is under pressure since the flood of new colour supplements has led to an outbreak of price-cutting. Problems remain on the wall-covering side, too, but the group should be able to repeat its first quarter performance, more or less, without much of an upturn. The shares, up 20p on Tuesday to 255p, where the historic yield is 7½ per cent, are sniffing an increased dividend.

Grindlays

Investors in Grindlays Holdings are more interested in whether some deal will be concocted between Lloyds and Citibank than in fuddy-duddy profits statements. But the interim figures contain some sharp reminders about where the net tangible assets of 177p a share are actually held. Pre-tax profits are little changed, but the effective tax rate has soared from 55 to 73 per cent. At the same time there are warnings about a possible £6.5m cut in group reserves due to the devaluation of the Ugandan shilling, while slow payment of interest is mentioned for the third time in a year. The shares—down 7p on Tuesday at 228p—are now well below their 250p peak this year, but they still reflect a good deal of optimism about the terms of any deal.

Acrow

A highly geared company sensitive both to the level of sterling and to the construction cycle is unlikely to be flourishing in the present recession. Acrow has proved no exception. On Tuesday it reported a current cost loss of over £10m for the year to March, only a year after announcing the first crack in an unbroken 40-year record of profit increases. On a historic basis, pre-tax losses of £5m compared with profits of £2m last year.

Acrow has continued to chase volume, and overseas sales are up by 16 per cent despite last year's strong pound. But demand at home has virtually dried up in some divisions.

Sales shrinkage has allowed Acrow to cut £7m out of stocks and a debt restructuring has improved the appearance of the balance sheet. But, net debt still represents over 70 per cent of shareholders funds and any increase in sales this year would intensify the pressure on working capital.

The non-voting shares were unchanged on Tuesday at 27p, supported by the small final dividend. The market may be viewing Acrow as a straight currency punt. A few years ago, the Coles Cranes division would have suffered badly from the release of Richards and Wallington stock on the UK market. But, with 90 per cent of Coles production now being sold abroad, it is sterling which counts.

Northern/APE

Spare a thought for Amalgamated Power Engineering. Its advice to shareholders to reject Northern Engineering's bid has been lost in the din of wedding bells, and 40 per cent of its shares have now been sold to the bidder although shareholders have not yet seen a defence document, or an offer document, come to that. It is almost as though the bid were expected to go wrong.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.
V G H